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Pan-International Industrial Corp.

2023 Annual Report

Printing date:

April 8, 2024

For the convenience of readers and for information purpose only, the annual report, 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 betweenthe two versions, the Chinese language annual report, auditors' report and financial statements shall prevail.

I. The spokesperson, acting spokesperson of the Company

	Spokesperson	Deputy Spokesperson
Name:	Shih-Hua Kuo	Wen-Ling Yu
Title:	Assistant Vice President, Investor Relations Department	Specialist of Management Division
Telephone:	(02)2211-3066	(02)2211-3066
Email:	john.kuo@panpi.com.tw	winnia@panpi.com.tw

II. Address and telephone number of corporate headquarter, branches, and factories.

Corporate Headquarter:

No. 97 Anxing Rd., Xindian, New Taipei City (02)2211-3066

Factory:

No. 97 Anxing Rd., Xindian, New Taipei City (02)2211-3066

III. Share Registrar and Investor Service Agent:

Name: Grand Fortune Securities

Address: 6F, No. 6, Zhongxiao West Road, Section 1, Zhongzheng District, Taipei City

Website: www.gfortune.com.tw

Tel: (02)2371-1658

IV. Independent Auditors of financial statements in the most recent year

Name of CPA: Yung-Chien Hsu and Jen-Chieh Wu

CPA firm name: PwC Taiwan

Address: 27F, No. 333, Keelung Road, Section 1, Xinyi District, Taipei

Website: www.pwcglobal.com.tw

Tel: (02)2729-6666

V. Name of the stock exchanges listed for the trading of overseas securities, and information on inquiry of these overseas

securities: None.

VI. Company Website

http://www.panpi.com.tw

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One. A report to Shareholders

Dear Shareholders, Ladies and Gentlemen,

In recent years, the global economic environment has been under the combined influence of major factors such as the spread and control of the pandemic, de-risking of the US-China relationship, and inflation, which have posed huge obstacles and challenges to corporate operations. Prudent and conservative approaches should be taken to overcome the obstacles. At the beginning of 2023, under the expectation that the pandemic would gradually subside and countries would start to lift restrictions and boosting their economies, a gradual recovery was anticipated. However, with the ongoing stalemate over the Russo-Ukrainian War, the FED's interest rate hikes and high interest rates, plus the weaker-than-expected post-pandemic economic recovery in Mainland China, consumer product customers have become more conservative and have lost the incentive to pull in goods. This has put the overall supply chain under the pressure of declining revenues.

The Company's consumer product business also declined due to the impact of the overall industry. However, in the automotive product market in mainland China, the doubling of customer shipments has driven the significant increase in revenue of the Company's automotive wiring harnesses, which compensated for some of the decline in revenue, and with the supply chain flexibility adjustment, the revenue in Southeast Asia has maintained a growth trend, and the Company's overall annual consolidated revenue has only dropped slightly. Moreover, the Company insisted on the transformation and upgrade strategy, increased the proportion of high-margin products, and maintained the annual gross profit margin. However, due to the decrease in revenue and profitability, the final net income showed a slight decline. In the future, the Company will continue to adhere to the goal of profitable growth and make prudent decisions to create greater benefits and share operating results with all stakeholders.

2023 Annual Operating Results:

(I) Business plan implementation result: The Company's 2023 consolidated revenue was NT$25.6 billion, a slight decline of 2.4% from the NT$26.3 billion in 2022, and the net income after tax was NT$1.49 billion, a decline of 4.9 % from 1.57 billion NT$in 2022, with earnings per share of NT$2.42.

(II) Budget implementation status: The Company did not release a financial forecast in 2023, but all departments have actively implemented the internal annual budget and strictly controlled expenses to create profits and give back to shareholders.

(III) Financial income, expenditure, and profitability analysis:

Item	2021	2022	2023
Annual consolidated operating revenue (hundreds of millions)	242.26	262.57	256.34
Gross profit margin (%)	10.94%	12.49%	12.39%
Net profit rate (%)	4.80%	5.97%	5.81%
Return on assets (%)	5.21%	6.43%	6.18%
Return on equity (%)	8.65%	10.85%	9.89%
Earnings per share (NT$)	1.87	2.55	2.42
Debt ratio (%)	42.05%	41.86%	37.09%
Annual consolidated cash inflows (outflows) (hundreds of millions)	(13.02)	4.72	(2.73)

(IV) R&D Status

In order to enhance the Company's competitive edge and meet customers' needs for technology upgrades, the Company continues to expand its R&D team and invests in automated equipment to improve product quality and reduce production costs. In response to the business opportunities of new energy vehicles, the Company actively develops new products such as EV vehicle wiring harness, high-voltage (battery pack) wiring harness, high-frequency high-speed wiring harness, charging gun wiring harness, HDI multi-layer board and automotive PCB to expand the product line and Company revenues. In addition, the Company also actively develops new products for other industries, including connecting wires, devices (automotive low-voltage harnesses, high-voltage cable for EVs, medical instrument cables, etc.), PCBs (automotive optoelectronic boards, workstations, Mining Machine PCB, etc.), and electronic consumer products (medical consumables, WiFi 6 for 5G routers, Charger Inlet, etc.) to maintain our competitive edge in the market. This year, we spent a total of NT$0.48 billion in R&D, an increase of 15%. In the future, we will continue to invest 1-2% (approximately NT$400-500 million) of annual total revenue in R&D resources and gradually increase the proportion of investment.

Summary of the 2024 Business Plan

The Company's business strategy will still be aimed at expanding automotive customers and increasing the proportion of revenue. However, the geopolitical competition and cooperation are fierce and conflicts continue, and the trade disputes and restrictions between the U.S. and China will become more and more stringent. These will push up the prices of crude oil and raw materials, and contribute to the increase in production costs; coupled with the deterioration of cross-strait relations and the Taiwan presidential election, the interaction of various factors make the economic trend of the macro environment, unpredictable and unpredictable, and increase the operational risk. As if walking on thin ice, the Company will make prudent decisions and be careful every step of the way. In order to enhance the competitiveness of automotive products, the Company will expand its sales and R&D team, while at the same time continuing to strengthen its operating resilience in order to gradually increase revenues and profits. In response to the carbon neutrality issue, we have completed the initial inventory and will continue to verify the carbon emissions, formulate energy-saving solutions, and plan the carbon-neutral path to achieve the goal. In addition, we will complete our ESG targets one after another, obtain external certification and to enhance the Company's positive corporate social responsibility image. Based on the above business strategy plan, the Company will establish the following annual operating guidelines:

(I) Business Policy:

1. Maintain the revenue growth of automotive products, explore new customers and develop new products to enhance the Company's competitive edge in the automotive market.
2. Strictly control AR and inventory positions, enhance the flexibility of capital allocation, and improve resilience in the face of risks and as a going concern.
3. Achieve the ESG-goals set, fulfill social responsibilities, and adhere to the sustainable operation of the Company.

(II) Production and Sale Policy:

1. Actively strive for new energy vehicle customers, increase the revenue of new energy vehicle wiring harness products, and improve the Company's gross profit and net profit.
2. Seek acquisitions, expand business opportunities in EV and ICT products through cross-industry alliances or joint ventures, and increase product breadth to maintain stable revenue growth.
3. Improve the flexibility of the supply chain, and flexibly use the production and logistics resources of each plant to meet the needs of customers and avoid the risk of

transfer to orders.

4. Strictly control the exposure of AR and inventory, coordinate the use of cash of each legal entity, and maintain liquidity to improve the ability to face risks and enhance the resilience of going concern.
5. Plan carbon emission verification and energy-saving solutions, formulate carbon neutrality paths and implementation plans for each plant, and complete carbon reduction targets at various stages in order to achieve carbon neutrality.
6. Actively achieve ESG annual policy objectives, invest resources, fulfill corporate social responsibility, and lay the foundation for sustainable business operations.

Impacts from the competitive environment, regulatory environment and general business environment:

In the past two years, the overall global economic environment has been affected by various factors such as intensified geopolitical competition, the life expectancy of some consumer electronics products has reached a plateau, supply chain flexibility and competition, gradual formation of regional alliances, and increasingly stringent carbon emission regulations. Under the same environment, the business operations are faced with different difficulties and challenges. In the face of adversity, the Company has strengthened internal training to enhance the risk awareness and competitiveness of its employees. Externally, the Company has worked hard to develop new businesses and increased the proportion of high-margin products, striving to minimize the negative image of the operating environment caused by external factors so as to maintain its annual revenues and profitability.

The Prospect

Business opportunities have derived from the global fight against climate change and the requirement for carbon neutrality. New products such as EV, green energy, and energy storage batteries will create new industry opportunities. The Company will take a proactive approach to grasp market trends and quickly launch the relevant parts and components products, aiming to expand the market share in this emerging industry and create profits. In the face of future business difficulties and challenges, the Company will maintain the business philosophy of honesty and integrity, make prudent decision-making and respond quickly, and improve its competitiveness and business resilience. For the issues of concern to all stakeholders, we will also establish various key indicators and respond to their demands, in order to establish an image of integrity management and fulfill our corporate social responsibility. We look forward to working hard with all employees to achieve our goals and share our business results with all stakeholders. I would like to express my sincere gratitude to all shareholders.

May I wish all the Shareholders, Ladies and Gentlemen

Good health and good luck

Chairman Kuang-Ya Lee

Two. Company Profile

I. Date of establishment: May 19, 1971

II. Organization and operations:

1971 ＊The Company was established in May and engaged in electric appliance and light fixture trades during its early days.

1973 ＊Established home appliance connector, terminals, and plugs factories.

1974 ＊Established raw wire and cable factories.

1978 ＊Purchase of the land at Anxing Road, Xindian, for the plant site to expand production capacity. This plant was charged with producing a series of computer connectors and wire products. A tooling department was also established for making molds for computer wire products.

＊Cited as outstanding quality by Mitsubishi Electric Corporation of Japan.

1989 ＊Invested in establishing Pan-International Electronics (Malaysia) Sdn Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

＊* Pan-International Industrial (USA) Corp. was established to develop the market in the USA and establish a marketing network in the Americas.

＊Won the High Quality Award of Apple Inc., USA.

1990 ＊Invested in establishing Pan-International Electronics (Thailand) Co., Ltd.

＊Acquired land occupying an area of 6,757 m^2 as the site for the Yangmei Plant for capacity expansion.

1991 ＊Approved as a public company.

＊Launch of the new plant of Pan-International Electronics (Malaysia) Sdn. Bhd.

1992 ＊Accredited with the ISO-9002 quality certification. The system and quality assurance system of the Company was internationally recognized.

1993 ＊Approved by Taiwan Stock Exchange Corporation to list the stock for trading on the TWSE, with the official listing of stock for trading on November 9.

＊Launched a new plant for Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

1994 ＊Pan-International Electronics (Malaysia) Sdn. Bhd. was accredited with the ISO-9002 certification.

1995 ＊Completed the expansion of Pan-International Electronics (Thailand) Co., Ltd.

＊Renamed as “Pan-International Industrial Corp.” in December.

1996 ＊Pan Global Holding Co., Ltd. was established in the British Virgin Islands to coordinate overseas reinvestment.

＊Pan-International Precision Electronic Co., Ltd., a wholly-owned company, was established in Dongguan, China.

＊Pan-International Wire & Cable (Malaysia) Sdn. Bhd. was accredited with the ISO-9002 certification.

1997 ＊Acquisition of Pojie Technology Co., Ltd. as Electronics Department II for the exclusive engagement in optoelectronics products.

1998 ＊Approved by Securities and Futures Bureau to raise capital of NT$600 million by offering new shares on October 31.

1999 ＊Completed the 1998 cash capital increase with the paid-in capital of NT$2,641 million. Foxconn Technology Co., Ltd. became the largest shareholder.

＊A special session of the Shareholders Meeting was held on April 12 to elect new Directors and Supervisors, with the amendment to the Articles of Incorporation whereby 9 seats of Directors and 2 seats of Supervisors were revised as 5 seats of Directors and 2 seats of Supervisors.

2000 ＊The Securities and Futures Bureau approved to raise capital by NT$800 million by offering new shares, with paid-in capital amounting to NT$3,441 million.

＊PIB, the subsidiary in Malaysia, was approved for listing on the stock exchange of Kuala Lumpur.

2001 ＊The business mode for CD-ROM products was changed from self-production to outsourcing.

2002 ＊Extended into the printed circuit board (PCB) business to broaden business horizons.

2003 ＊Invested in the SMS Marketing Service (Asia) Co., Ltd. to handle the retailing and bulk sale of C 3C products in China.

2004 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$3,628 million.

2005 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$4,016 million.

2006 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$4,230 million.

＊Indirect investment in Ganchuang International Trade (Shenzhen) Co., Ltd. via a third area.

2007 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$4,415 million.

2008 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$4,678 million.

＊Resolved in investing US$13 million in NCIH and raised capital of the wholly-owned subsidiary Yen Yung by NT$500 million.

2009 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$4,879 million.

＊Subsidiary PGH purchased 100% of the stakes of Cybertant Technology Co., Ltd. for US$27.25 million.

2010 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$5,037 million.

＊Joint investment with Hon Hai in the BOT project at Syntrend Creative Park.

＊Indirect investment in New Ocean Precision Component (Jiangxi) Co., Ltd. via a third area.

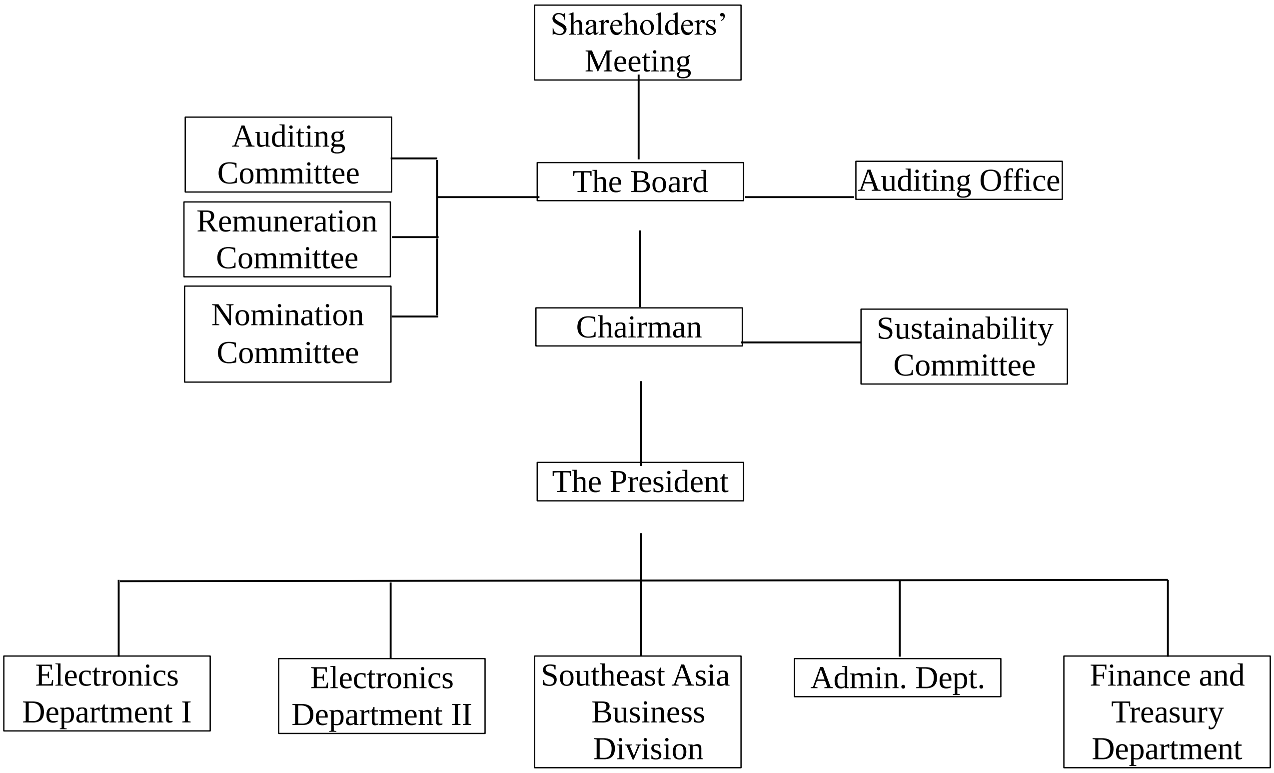
2011 ＊Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$5,094 million.

	*	The Board resolved to indirectly acquire the equity shares of Honghuasheng Precision Electronics (Yantai) Co., Ltd.
2012	*	The Investment Commission passed a plan for investment in China of the indirect acquisition of Honghuasheng Precision Electronics (Yantai) Co., Ltd., officially adding the PCB plant at Yantai to the operations of the Company.
2013	*	Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$5,158 million.
	*	Disposal of Fubai Industrial (Shenzhen) Co., Ltd., an investment in China.
2014	*	Disposal of the equity shares of SMS Marketing Service (Asia) Co., Ltd., a reinvestment of the Company.
	*	Capitalization of retained earnings into new shares completed, with paid-in capital amounting to NT$5,183 million.
2015	*	The subsidiary PGH acquired the equity shares of FSK Holdings Ltd.
	*	The Board resolved to approve the joint venture between the subsidiary CBT and Hon Hai, and proceeded to raise capital for the transformation of the land at Minhang District, Shanghai, for the Greater Hongqiao Innovation Center for Science and Technology Strategy.
2016	*	Amendment to the Articles of Incorporation whereby 3 seats were established for Independent Directors to form an Auditing Committee after elections in 2017.
2017	*	3 Independent Directors were elected in the Shareholder Meeting to form the Auditing Committee.
2018	*	Unprecedented high revenue and profit.
2019	*	Establishment of the position of Corporate Governance Officer.
2020	*	Establishment of the automotive wire products research and development team.
2021	*	Acquired an 80% stake in CJ Electric Systems Co., Ltd. and merged its automotive wiring harness factory into the Company's operations.
2022	*	Established YiBing Pan-International Vehicle Wire Co., Ltd. and expanded the number of automotive product production bases.
2023	*	Increased the utilization rate of green power - the solar energy facilities in the Dongguan Pan-International Plant have been completed and connected to the power grid.

Three. Corporate Governance Report

I. Organization system

(I) Organization Structure



(II) Business Operations for Main Departments

Major departments	Duties
Auditing Office	Examine and evaluate the reliability, efficiency and effectiveness of the business record and internal control of the Company, give recommendations for improvement for the effective pursuit of internal control.
Sustainability Committee	Responsible for the design and execution of the ESG and ethical corporate management policy objectives.
Electronics Department I	Responsible for the development, manufacturing, and sale of connection cord, wires, connectors, and electronic assemblies.
Electronics Department II	Responsible for the manufacturing and sale of computer parts and components, peripherals, and PCBs.
Southeast Asia Business Division	Responsible for administering the operations of subsidiaries in Southeast Asia.

Admin. Dept.	Coordinate the administrative affairs of the Company, including accounting, administration and information functions.
Finance and Treasury Department	Coordinate the administrative affairs of the financial management and funding of the Company.

II. Profiles of the Directors, President, Vice Presidents, Assistant Vice Presidents, and the heads of the functions and branches

(I) Director Information

Profiles of the Directors (I)

April 1, 2024

Title	Nationality or place of registration	Name	Gender Age	Date of election to (assumption of) office	Tenure	Date of initial term to office	Quantity of shareholding at the time of election to office		Number of shares held at present		Holding of shares at present by spouse, underage children.		Holding of shares in the name of a third party		Major experience (education)	Additional posts of the Company and other companies at present	Another officer, Director, or Supervisor who is spouse or kin within the 2nd degree		
							Shares	Ratio of share holding	Shares	Ratio of share holding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Title	Name	Relation
Chairman	Republic of China	Kuang-Ya Lee	Male 50~60 years old	2023.06.09	3 years	2023.06.09	0	0	0	0	-	-	-	-	Chairman of Foxconn Technology Co., Ltd. MBA, Soochow University	Assistant vice president of Hon Hai Precision Industry Co., Ltd.	-	-	-
Director	Republic of China	Feng-An Huang	Male 60~70 years old	2023.06.09	3 years	2002.06.10	35,000	0.01	35,000	0.01	-	-	-	-	Manager of Hon Hai Precision Industry Co., Ltd. Bachelor, Department of Accounting, Feng Chia University	Vice President of Pan-International Industrial Corp.	-	-	-
Director	Republic of China	Ying-Shih Huang	Male 50~60 years old	2023.06.09	3 years	2023.06.09	4,610	0.00	4,610	0.00	-	-	-	-	Assistant vice president of HP Taiwan Information Technology Ltd. Assistant vice president of Systex Corporation Master of Accounting,	Senior officer of Hon Hai Precision Industry Co., Ltd.	-	-	-

															National Chung Cheng University				
Independent Director	Republic of China	Wen-Jung Cheng	Male 40~50 years old	2023.06.09	3 years	June 12, 2020	0	0	0	0	-	-	-	-	Lead CPA, Fubo United Accounting Firm Master of Accounting, National Taiwan University	Supervisor, Top Food Industrial Corporation Independent Director, SOE Co., Ltd.	-	-	-
Independent Director	Republic of China	Lin Ching-Wei	Female 50~60 years old	2023.06.09	3 years	2017.06.14	0	0	0	0	-	-	-	-	Director of CyberTAN Technology Inc. CFO of Arrow Cinematic Group Master of Accounting, National Chengchi University	Director of Great Dream Pictures	-	-	-
Independent Director	Republic of China	Ming-I Kuo	Female 50~60 years old	2023.06.09	3 years	2023.06.09	0	0	0	0	-	-	-	-	General Counsel and Compliance Officer, China Development Financial Master of Law, Columbia University in the City of New York	Consultant of Lexcel Law Offices	-	-	-

Independent Director	Republic of China	Chih-Keng Chen	Male 50~60 years old	2023.06.09	3 years	2023.06.09	0	0	0	0	-	-	-	-	Vice Dean, College of Mechanical and Electrical Engineering, Taipei Tech Technical Consultant, Automotive Research & Testing Center (ARTC) PhD of Institute of Control engineering, Case Western Reserve University, USA	Professor and Chair, Department of Vehicle Engineering, Taipei Tech	-	-	-

Note: The reason, rationality, and necessity for the Chairman and President to be the same person, and countermeasures: No such situation.

Dominant shareholders of the institutional shareholder

April 1, 2024

Name of institutional shareholder	Dominant shareholders of the institutional shareholder
None.	None.

If the dominant shareholders of the institutional shareholders are corporate bodies, the dominant shareholders of these corporate bodies

April 1, 2024

Name of institutional	Dominant shareholders of the institutional shareholder
None.	None.

Note: Only the names of shareholders holding more than 10% of the shares issued by the Company or among the top 10 by ratio of shareholding will be mentioned.

Profiles of the Directors (II)

I. Information Disclosure on Directors' and Supervisors' Professional Qualifications as well as Independent Directors' Independence:

Condition / Name	Professional Qualifications and Experience	Independence Status	The number of additional posts as Independent Directors with other publicly-traded companies
Kuang-Ya Lee	Chairman Lee has extensive experience in R&D and management in new industries such as electric vehicles and robots, and has served as the chairman of a public company. For the Company's future development in the electric vehicle industry, he will be able to formulate successful strategies and goals Improve business and create good results.	Not applicable	0
Feng-An Huang	Director Huang has served as the accounting and management manager of Chinfon Group and Hon Hai Group with over 40 years of experience. Mr. Huang has rich experience in financial report management, cost control, and company listing affairs and can assist companies to improve accounting management, internal audit, and internal control systems.	Not applicable	0
Ying-Shih Huang	Director Huang has served in management positions in technology companies and consultants. He has extensive experience in industry analysis, cost control, organizational operation and new technology investment. He will be able to effectively supervise the operation of the management and provide comprehensive operational recommendations.	Not applicable	0

Wen-Jung Cheng	Independent Director Cheng is a certified accountant. He is currently a chief accountant of Fubo United Accounting Firm. He is proficient in international accounting standards, financial statement auditing, as well as tax planning and can provide perfect suggestions for the company's financial report preparation, regulatory compliance, and internal control management to fulfill his supervisory duties.	Independent Director Cheng (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. Comply with the independence status required for an independent director.	1
Lin Ching-Wei	Independent Director Lin is certified as a certified public accountant and has experience in practical operation of the Company, as well as extensive experience in financial operations and account management. He will be able to effectively supervise the Company's financial operations and provide comprehensive accounting advice.	Independent Director Lin (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. Comply with the independence status required for an independent director.	0
Ming-I Kuo	Independent Director Kuo is a qualified lawyer and has extensive practical experience in legal compliance affairs of law firms and banks. She will be able to effectively supervise and provide comprehensive suggestions on legal issues related to the Company's operations.	Independent Director Kuo (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. Comply with the independence status required for an independent director.	0
Chih-Keng Chen	Independent Director Chen holds a doctorate degree and is currently a professor and the chair of the Department of Vehicle Engineering of the University of North University of Science and Technology. He has comprehensive technology and knowledge related to the automotive industry and abundant industry contacts. He can provide professional supervision, advice and recommendation for the Company's development in the automotive industry and introduce relevant talented people to the Company.	Independent Director Chen (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. Comply with the independence status required for an independent director.	0

Note: All of the Company’s directors do not have any circumstances stipulated in Article 30 of the Company Act.

II. Diversity and independence of the board of directors:

(I) Diversity of the board of directors:

According to the Corporate Governance Best Practice Principles of the Company, the Board shall be capable of performing the following functions for achieving the ideal goal of corporate governance.
1. Operational judgment. 2. Capacity for accounting and financial analysis. 3. Capacity for corporate management. 4. Capacity for crisis management.
5. Industry knowledge. 6. International market view. 7. Leadership. 8. Decision-making capacity.

In addition to the above competencies, the Company has formulated a strategy for diversifying its board members and hopes to find directors with rich qualifications, practical operations, and strategic development planning in various fields such as industry experience, financial and accounting operations, regulatory compliance, strategic planning, and risk management. We also take into account the principle of gender equality and the opportunity for women to participate in decision-making and management, actively search for suitable female candidates, form a nomination list of suitable candidates for directors, and submit them to shareholders for election.

The current board members have the professional skills shown in the table below:

Director	Title	Seniority of service of the Independent Director		The overall capacity required for the Board								Hold position as
		Less than 3 years	More than 3	Operational	Accounting and	Corporate managem	Crisis managem	Industry knowledg	International	Leadership capacity	Decision-making	
Kuang-Ya Lee	Chairman			V		V	V	V	V	V	V	
Feng-An Huang	Director			V	V	V	V		V	V	V	V
Ying-Shih Huang	Director			V	V	V	V	V	V	V	V	
Wen-Jung Cheng	Independent Director		V	V	V	V	V	V	V	V	V	
Lin Ching-Wei	Independent Director	V		V	V	V	V		V	V	V	
Ming-I Kuo	Independent Director	V		V		V	V		V		V	
Chih-Keng Chen	Independent Director	V		V		V	V	V	V		V	

The Company has established 7 seats of Directors for its Board in accordance with the Articles of Incorporation of which 4 seats were reserved for Independent Directors with tenure of 3 years. The candidate nomination system was adopted for the election of the

Directors and the candidates on the list will be elected by the Shareholders Meeting to the seats. Directors may assume a new term of office if reelected. The Company has taken liability insurance to protect the Directors within the scope of their assigned duties.

The members of the current Board of Directors were elected in the shareholders' meeting in June 2023, and the term of office is from June 9, 2023 to June 8, 2026. Directors who are also employees accounted for 57%, while independent directors accounted for only 14% of the total seats of directors. 3 of the independent directors have seniority of service of less than 3 years, 1 independent director with a term of 3 to 6 years, only one director is between the ages of 60 and 70. The rest of the directors are under the age of 60, accounting for 86% and achieving the goal of rejuvenating the Board of Directors. In the re-election of the Board of Directors, the principle of gender equality is given priority, and two qualified candidates for female directors and other male directors are nominated for the diversity of directors, cross-industry and business development strategies. All the candidates for directors are nominees, who were successfully elected. The proportion of female directors in the Board of Directors has reached 29%, exceeding the Company's target of 15%. There are also accountants, lawyers, university professors and other talent who will contribute to the future development and supervision of the Company and open up new opportunities.

(II) Independence of the board of directors:

There are four independent directors in the Company's Board of Directors, accounting for more than half, or 57%; more than 86% of directors are not also employees of the company. According to the statements of directors and the results of the Company's inspection results, there is no spousal relationship or relative within the second-degree kinship between the directors, so the Board of Directors is independent.

The Company's independent directors shall be appointed according to their declaration and the Company’s qualification checklist when they are elected. All four independent directors meet the relevant independence standards.

(II) Profiles of the President, Vice President, Assistant Vice President, and heads of the functions and branches

April 2, 2024

Title	Nationality	Name	Gender	Date of election to (assumption of) office	Number of shares held		Holding of shares by spouse, underage children		Holding of shares in the name of a third party		Major experier (education)	Additional posts with other companies	A manager who is spouse or kin within the 2nd degree.		
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Title	Name	Relation
The President	Republic of China	Ming-Feng Tsai	Male	2023.06.09	280,227	0.05	0	0	0	0	Graduate from graduate school Manager, Pan-International Industrial Corp.	None.	-	-	-
Vice President, Admin. Dept. Chief Financial Officer	Republic of China	Feng-An Huang	Male	January 29, 2002	35,000	0.01	0	0	0	0	University graduate Manager of Hon Hai Precision Industry Co., Ltd.	None.	-	-	-
Accounting Supervisor Assistant Vice President / Corporate Governance Officer	Republic of China	Chih-Hao Tai	Male	2023.08.08	0	0.00	0	0	0	0	Graduate from graduate school Manager, Pan-International Industrial Corp.	None.	-	-	-

III. Remunerations to the Directors, President, and Vice Presidents in the most recent year

(I) Remuneration to the Directors (there was no loss after taxation, no insufficient holding of shares by Directors, and no Directors pledged equity shares of the Company over the most recent 2 years)

Unit: NTD Thousand

Title	Name	Remuneration to the Directors								The sum of A, B, C, and D as a percentage of net income		Remuneration to Directors who are also employees						The sum of A, B, C, D, E, F and G and the percentage in net income after tax		Any remuneration from investee companies other
		Remuneration (A)		Pension and severance pay (B)		Remuneration to Directors (C)		Business allowance (D)				Salaries, bonus, and special subsidy (E)		Pension and severance pay (F)		Remuneration to the employees (G)				
		The Company	All companies listed	The Company	All companies	The Company	All companies listed	The Company	All companies listed	The Company	All companies listed	The Company	All companies listed in the	The Company	All companies listed	The Company	All companies listed in the financial statements)	The Company	All companies listed	

			in the financial statements		listed in the financial statements		in the financial statements		in the financial statements		in the financial statements		financial statements		in the financial statements	Amount of cash	Amount of stock	Amount of cash	Amount of stock		in the financial statements	than the subsidiaries
Director	Song-Fa Lu (Note 1) Kuang-Ya Lee Feng-An Huang Ming-Feng Tsai (Note 1) Tsai-Yu Hsiao, representative of Hong Yuan International Investment (Note 1) Ying-Shih Huang	0	0	0	0	4,730	4,730	0	0	4,730 0.38%	4,730 0.38%	6,997	6,997	160	160	2,441	0	2,441	0	14,328 1.14%	14,328 1.14%	None.
Independent Director	Wen-Jung Cheng Min-Chang Wei (Note 1) Mien-Ching Huang (Note 1) Lin Ching-Wei Ming-I Kuo Chih-Keng Chen	1,260	1,260	0	0	2,713	2,713	0	0	3,973 0.32%	3,973 0.32%	0	0	0	0	0	0	0	0	3,973 0.32%	3,973 0.32%	None

The policy, system, standard and structure of the remuneration to the Independent Directors, the association between the duties charged, the risk, the time consumed and related factors and the amount of payment:

Independent directors receive a fixed monthly remuneration as service income. The payment will be based on the number of attendances to the Board, Auditing Committee, Remuneration Committee, and Nomination Committee meetings as well as the participation in the discussion, suggestion and decision in relevant meetings. The Articles of Incorporation also specified that the Company shall appropriate at least 5% of its earnings as remuneration to the employees and no more than 0.5% of the earnings as remuneration to the Directors, so that the Directors and the employees can share the result of operation. The Company also reviews the connection between the directors' performance appraisal and the remuneration system each year, and submit the review to the Remuneration Committee for discussion, so that the responsibilities and risks assumed by the directors can be in line with the remuneration they receive.

* In addition to the disclosures in the above table, any remuneration to the Directors who provided services for the companies included in the financial statements in the most recent year (such as consultants): None.

Note: 1. Directors Song-Fa Lu, Ming-Feng Tsai, Tsai-Yu Hsiao, Min-Chang Wei, and Mien-Ching Huang stepped down after the re-election of directors at the 2023 shareholders' meeting.

2. Pension and severance pay are recognized as expenses appropriated for payment

Remuneration bracket

Remuneration bracket for individual Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements I	The Company	All companies included in the financial statements J
Less than NTD1,000,000	Tsai-Yu Hsiao, Min-Chang Wei, Mien-Ching Huang, Kuang-Ya Lee, Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen	Tsai-Yu Hsiao, Min-Chang Wei, Mien-Ching Huang, Kuang-Ya Lee, Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen	Tsai-Yu Hsiao, Min-Chang Wei, Mien-Ching Huang, Kuang-Ya Lee, Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen	Tsai-Yu Hsiao, Min-Chang Wei, Mien-Ching Huang, Kuang-Ya Lee, Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen
NTD1,000,000 (inclusive) ~ NTD2,000,000	Song-Fa Lu, Tsai, Ming-Feng, Feng-An Huang, Wen-Jung Cheng	Song-Fa Lu, Tsai, Ming-Feng, Feng-An Huang, Wen-Jung Cheng	Wen-Jung Cheng	Wen-Jung Cheng
NTD2,000,000 (inclusive) ~ NTD3,500,000	-	-	Song-Fa Lu	Song-Fa Lu
NTD3,500,000 (inclusive) ~ NTD5,000,000	-	-	-	-
NTD5,000,000 (inclusive) ~ NTD10,000,000	-	-	Ming-Feng Tsai, Feng-An Huang	Ming-Feng Tsai, Feng-An Huang
NTD10,000,000 (inclusive) ~ NTD15,000,000	-	-	-	-
NTD15,000,000 (inclusive)~ NTD30,000,000	-	-	-	-
NTD30,000,000 (inclusive) ~ NTD50,000,000	-	-	-	-
NTD50,000,000 (inclusive) ~ NTD100,000,000	-	-	-	-
More than NTD100,000,000	-	-	-	-
Total	12	12	12	12

* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purpose.

(II) Remuneration to the President and the Vice Presidents

Unit: NTD Thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salaries (A)</th><th colspan="2">Pension and severance pay (B)</th><th colspan="2">Bonuses and special subsidies (C)</th><th colspan="4">Amount of remuneration to employees (D)</th><th colspan="2">The sum of A, B, C, and D as a percentage of net income (%)</th><th rowspan="3">Any remuneration from investee companies other than the subsidiaries</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies listed in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial statements</th></tr>
<tr><th>Amount of cash</th><th>Amount of stock</th><th>Amount of cash</th><th>Amount of stock</th></tr>
<tr><td>President (Note)</td><td>Song-Fa Lu</td><td rowspan="3">5,537</td><td rowspan="3">5,537</td><td rowspan="3">200 (appropriated amount)</td><td rowspan="3">200 (appropriated amount)</td><td rowspan="3">3,060</td><td rowspan="3">3,060</td><td rowspan="3">6,162</td><td rowspan="3">0</td><td rowspan="3">6,162</td><td rowspan="3">0</td><td rowspan="3">14,959
1.19%</td><td rowspan="3">14,959
1.19%</td><td rowspan="3">None.</td></tr>
<tr><td>The President</td><td>Ming-Feng Tsai</td></tr>
<tr><td>Vice President</td><td>Feng-An Huang</td></tr>
</table>

Note: President Song-Fa Lu stepped down on June 9, 2023. The Board of Directors appointed Ming-Feng Tsai as the President.

Remuneration bracket

Payment to individual President and Vice Presidents, remuneration bracket	Names of President and Vice Presidents	
	The Company	All companies included in the financial statements E
Less than NTD1,000,000	-	-
NTD1,000,000 (inclusive) ~ NTD2,000,000	-	-
NTD2,000,000 (inclusive) ~ NTD3,500,000	Song-Fa Lu	Song-Fa Lu
NTD3,500,000 (inclusive) ~ NTD5,000,000	-	-
NTD5,000,000 (inclusive) ~ NTD10,000,000	Ming-Feng Tsai, Feng-An Huang	Ming-Feng Tsai, Feng-An Huang

NTD10,000,000 (inclusive) ~ NTD15,000,000	-	-
NTD15,000,000 (inclusive)~ NTD30,000,000	-	-
NTD30,000,000 (inclusive) ~ NTD50,000,000	-	-
NTD50,000,000 (inclusive) ~ NTD100,000,000	-	-
More than NTD100,000,000	-	-
Total	3	3

* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purpose.

Names of managers with distribution of employee remuneration and the status of distribution

April 2, 2024

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Amount of stock (Thousand)</th><th>Amount of cash (Thousand)</th><th>Total (Thousand)</th><th>Amount total in proportion to net income (%)</th></tr>
<tr><td rowspan="4">Managerial Officers</td><td>President (Note)</td><td>Song-Fa Lu</td><td rowspan="4">0</td><td rowspan="4">8,872</td><td rowspan="4">8,872</td><td rowspan="4">0.70%</td></tr>
<tr><td>The President</td><td>Ming-Feng Tsai</td></tr>
<tr><td>Vice President, Admin. Dept. Chief Financial Officer</td><td>Feng-An Huang</td></tr>
<tr><td>Accounting Supervisor Assistant Vice President / Corporate Governance Officer</td><td>Chih-Hao Tai</td></tr>
</table>

Note: President Song-Fa Lu stepped down on June 9, 2023. The Board of Directors appointed Ming-Feng Tsai as the President.

(IV) The total payment to Directors, President, and Vice Presidents of the Company in proportion to the net income of the most recent 2 years:

	2022		2023	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	1.82%	1.82%	1.46%	1.46%
President and Vice Presidents	1.33%	1.33%	1.19%	1..19%

(1) This year, due to the Company's decline in revenue and profitability, the remuneration to directors decreased accordingly. In addition, due to the retirement of President Lu, the salaries of managers and employee remuneration also decreased. Therefore, the proportion of net profit after tax in 2023 was lower than that of in 2022.

(2) Remuneration to the President and the Vice Presidents covers salaries, bonuses, and employee remuneration. Remuneration was determined in accordance with the internal rules and regulations of the Company and in consideration of salaries for the same position and rank on the market of the same industry. In addition, the functions and scope of duties, the contribution to the operation objective of the Company will also be considered. The policy of remuneration was made with reference to the overall operation performance of the Company, individual attainment of

performance goals, and contribution to the Company and set at a reasonable level. The annual bonuses and employee remuneration are submitted to the Remuneration Committee for review and approval. The Remuneration Committee will also regularly review the manager's performance appraisal system, the connection to performance, and the salary level of the industry peers in order to adjust the Company's remuneration policy and systems for managers promptly and retain outstanding talent for the Company. The Remuneration Committee formulated the "Procedures Governing the Salary and Remuneration of Managers", which were submitted to the first board meeting in 2024 for approval, as the basis for the assessment and distribution of managers' remuneration.

IV. The pursuit of corporate governance

(I) The operation of the Board:

(1) The Board convened 6 times in the most recent year (2023). The attendance of the Directors is shown below:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Song-Fa Lu	3	0	100%	Relieved from office
Chairman	Kuang-Ya Lee	3	0	100%	Newly elected to office
Director	Feng-An Huang	6	0	100%	Reelected to office
Director	Ming-Feng Tsai	3	0	100%	Relieved from office
Director	Ying-Shih Huang	3	0	100%	Newly elected to office
Director	Hong Yuan International Investment Representative, Tsai-Yu Hsiao	3	0	100%	Relieved from office
Independent Director	Wen-Jung Cheng	6	0	100%	Reelected to office
Independent Director	Min-Chang Wei	3	0	100%	Relieved from office
Independent Director	Mien-Ching Huang	3	0	100%	Relieved from office
Independent Director	Lin Ching-Wei	3	0	100%	Newly elected to office
Independent Director	Ming-I Kuo	3	0	100%	Newly elected to office

Independent Director	Chih-Keng Chen	3	0	100%	Newly elected to office

Note: The Company re-elected directors at the shareholders' meeting on June 9, 2023, and the new directors took office on June 9, 2023. The meeting of the Board of Directors was convened three times before the re-election, and three times after the re-election.

Additional information:

I. If any of the following applies to the Board in operation, specify the date, the session, content of the motions, opinions of the Independent Directors, and the response of the Company to these opinions:

(I) According to Article 14-3 of the Securities and Exchange Act:

1. Passed by the 1st session of the Board in 2023 on March 14, 2023:
   (1) The evaluation of the independence of the CPAs and appointment.
2. Passed by the 5th session of the Board in 2023 on August 8, 2023:
   (1) Job adjustment of the accounting supervisor.

(All attending independent directors agreed to approve the preceding proposal with unanimous consent)

(II) In addition to the aforementioned issues, other resolutions of the Board with adverse or qualified opinions from the Independent Directors with recorded or written declaration: Not applicable.

II. For the recusal of a director due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in voting shall be provided: on August 8 of this year, the Board of Directors discussed the promotion and remuneration of managers, and the interested party, Director Feng-An Huang, recused himself from the voting. The motion was approved by all other directors present at the meeting.

III. Companies listed at TWSE or TPEx should disclose the frequency of self-evaluation (or peer evaluation) of the Board and the intervals between the evaluations, the scope and method of evaluation, and related information. Fill in Table II (2) the pursuit of Board evaluation: Refer to the table below.

IV. Objectives to strengthen the functions of the Board of Directors in the current year and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency, etc.), and evaluation of implementation: The Company has established an Audit Committee, a Remuneration Committee, and a Nomination Committee. These committees operate independently and perform their supervisory duties in accordance with their respective charters to strengthen the functions of the Board of Directors.

The attendance of Independent Directors to the meetings of the Board in 2023:

Date / Name	2023 03.14	2023 04.18	2023 05.09	2023 06.09	2023 08.08	2023 11.13
Wen-Jung	◎	◎	◎	◎	◎	◎

Cheng						
Min-Chang Wei	◎	◎	◎	-	-	-
Mien-Ching Huang	◎	◎	◎	-	-	-
Lin Ching-Wei	-	-	-	◎	◎	◎
Ming-I Kuo	-	-	-	◎	◎	◎
Chih-Keng Chen	-	-	-	◎	◎	◎

Note: 1.◎:Attended in person ☆:Attended by Proxy △:On leave.
2. Min-Chang Wei and Mien-Ching Huang stepped down as independent directors after the shareholders' meeting.

(2) The implementation of Board evaluation:

The Company passed the "Regulations Governing the Evaluation of the Board" in the 3rd session of the Board in 2019, and has completed the evaluation of the Board, Directors and the members of the functional committees of 2023 in February 2024. The implementation is as follows:

Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Implement once per year	2022/1/1 ~ 2022/12/31	The Board	Self-Evaluation of the Board	A. Degree of participation in the operation of the Company B. Improving the quality of decision-making of the Board C. The organization and structure of the Board D. The election of Directors and continuing education E. Internal Control
		Director	Self-Evaluation of the Directors	A. Mastery of the company objective and mission B. Understanding of the duties of Directors C. Degree of participation in the operation of the Company D. Engagement of internal relations and communication E. Professional standing of the Directors and continuing education F. Internal Control
		Auditing Committee	Self-evaluation of the committees	A. Degree of participation in the operation of the Company B. Improving the quality of decision-making of the

				committee C. Understanding of the duties of the committee D. The organization of the committee and the election of the committee members E. Internal Control
		Remuneration Committee/ Nomination Committee	Self-evaluation of the committees	A. Degree of participation in the operation of the Company B. Improving the quality of decision-making of the committee C. Understanding of the duties of the committee D. The organization of the committee and the election of the committee members

Based on the self-evaluation questionnaires completed by directors and committee members, the results of the self-evaluation of the Board of Directors, directors, Audit Committee, Remuneration Committee and Nomination Committee are all excellent. Moreover, the evaluation results have been reported to the first board meeting in 2024 as the reference of remuneration determination and the nomination for reappointment. In the future, all members of the Board will continue their education and training in order to strengthen their decision-making capacities to enhance decision-making quality and plan for the sustainable development of the Company.

(II) The operation of the Auditing Committee:

The Auditing Committee convened 6 times in the most recent year (2023). The attendance of the Independent Directors is shown below:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Wen-Jung Cheng	6	0	100%	Reelected to office
Independent Director	Min-Chang Wei	3	0	100%	Relieved from office
Independent Director	Mien-Ching Huang	3	0	100%	Relieved from office
Independent Director	Lin Ching-Wei	3	0	100%	Newly elected to office

Independent Director	Ming-I Kuo	3	0	100%	Newly elected to office
Independent Director	Chih-Keng Chen	3	0	100%	Newly elected to office

Note: The Company re-elected directors at the shareholders' meeting on June 9, 2023, and the new directors took office on June 9, 2023. The meeting of the Audit Committee was convened three times before the re-election, and three times after the re-election.

Additional information:

I. If any of the following applies to the operation of the Auditing Committee, specify the Auditing Committee's meeting date, period, and proposal contents; independent directors' dissenting opinions, reservations, or major proposals; and the resolution of the Auditing Committee and the response of the Company to the opinions of the Auditing Committee:

(I) According to Article 14-5 of the Securities and Exchange Act:

Meeting Date	Content of the motions	Dissenting Opinions, Reservations, or Major Recommendations of Independent Directors	Resolution	Response of the Company to the opinions of the Auditing Committee
The 14th meeting of the 2nd term 2023.03.14	1. 2022 Financial Statement. 2. Passed the Declaration of the Internal Control System in 2022. 3. Passed the evaluation of the independence of CPAs and appointment.	None.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 16th meeting of the 2nd term 2023.05.09	1. Passed the procedures for the preparation and verification of the Sustainability Report.	None.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 2nd meeting of the 3rd term 2023.08.08	1. Passed the job adjustment of the accounting supervisor.	None.	Passed by the members in session with common consent.	Passed by the members in session with common consent.

(II) In addition to the above issues, other issues not passed by the Auditing Committee but passed by the Board with the consent of more than two thirds of the Directors: Not applicable.

II. In the recusal of the Independent Directors to avoid the conflict of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting: In the current year, no directors were recused from motions due to conflicts of interest.

III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (including the communication of material aspects of finance and business operations, and means and the result):

1. The Auditing Committee convened six times this year. The Chief Internal Auditor attended all the sessions and presented the implementation of the audit plan and the improvement of shortcomings. The Chief Internal Auditor also responded to the questions of the Independent Directors with detailed explanation with documented materials to support. Communication was proper and sufficient. In addition, audit reports and follow-up reports are regularly provided at the end of each month to independent directors for review, and questions from directors are responded to immediately.
2. Summary of the communication between the Independent Directors and the CPAs:
   (1) Audit Committee meeting on March 14, 2023
   - The CPAs elaborated the content of the audited consolidated financial statements of 2022 and the Auditors' Report in the meeting.
   - The CPAs responded to the questions of the Independent Directors with explanations, discussion and communication.

   (2) Audit Committee meeting on May 9, 2023
   - The CPAs explained the content of the audited consolidated financial statements of Q1 2023 and the Auditors' Report in writing for communication.

   (3) Audit Committee meeting on August 8, 2023
   - The CPAs elaborated on the content of the audited consolidated financial statements for 2nd quarter of 2023 and the Auditors' Report in the meeting.
   - The CPAs responded to the questions of the Independent Directors with explanations, discussion and communication.

   (4) Audit Committee meeting on November 13, 2023
   - The CPAs explained the content of the audited consolidated financial statements of Q3 2023 and the Auditors' Report in writing for communication.

   (5) Governance unit communication meeting on December 5, 2023
   - CPAs conducted a video conference to explain and communicate with independent directors on issues such as 2023 audit planning, accountants' responsibilities and independence, firm quality management system, and preparation of financial statements.

IV. Main points of the work of the Auditing Committee of the year and the operation:

(I) Main points of the work of the year

1. The audit of the financial statements of the Company and routine interaction with the independent auditors on the audit findings.
2. Communication with the Chief Internal Auditor on the audit findings at regular intervals and review of the annual audit plan.
3. The evaluation of the effectiveness of the internal control system.
4. Amendment to the procedures of material financial and business acts for the acquisition and disposal of assets, derivative trade, loaning of funds to others, endorsements and guarantees.
5. The transaction of major assets or derivative trade.

6. Legal compliance.
7. The appointment, dismissal or remuneration of the independent auditors
8. Evaluation of the qualification and independence of the independent auditors.

(II) The operation

Meeting Date	Content of the motions	Resolution of the Auditing Committee	Response of the Company to the opinions of the Auditing Committee
The 14th meeting of the 2nd term 2023.03.14	1. Review of the financial statements of 2022. 2. The review of the evaluation of the effectiveness of the internal control system and the statement of declaration in 2022. 3. Approval of the provision of non-assurance services by PwC Taiwan and affiliates to the Company and its subsidiaries in advance. 4. Evaluation of the independence and suitability of CPAs and appointment.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 15th meeting of the 2nd term 2023.04.18	1. Proposal for the distribution of earnings in 2022.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 16th meeting of the 2nd term 2023.05.09	1. 2023 1st Quarter Financial Report. 2. Establishment of the "Procedures for Preparation and Verification of Sustainability Report".	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 1st meeting of the 3rd term 2023.06.09	1. Nomination of the convener and meeting chair of the Audit Committee.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 2nd meeting of the 3rd term 2023.08.08	1. 2023 2nd Quarter Financial Report. 2. Adjustment of the accounting supervisor of the Company.	Passed by the members in session with common consent.	Passed by the members in session with common consent.
The 3rd meeting of the 3rd term 2023.11.13	1. Change of CPAs due to internal rotation in the firm. 2. 2023 3rd Quarter Financial Report. 3. Review of the 2024 Audit Plan.	Passed by the members in session with common consent.	Passed by the members in session with common consent.

(III) The pursuit of corporate governance and the divergence from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies and made disclosure?	V		The Company's Board of Directors has approved the establishment of the "Corporate Governance Best Practice Principles", which will be amended and updated in a timely manner. The principles will protect the rights and interests of shareholders, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and improve information transparency. For related principles and implementation results, please visit the Company's website.	No significant difference
II. The Equity Structure and Shareholders Equity of the Company (I) Has the Company established internal operation procedures for responding to the suggestions, queries, disputes, and legal actions of the shareholders, and implemented them in accordance with the procedures?	V		(I) The Company has established the Investor Relations Department to handle the suggestions and questions of shareholders. If there is a shareholder dispute or lawsuit, the office shall coordinate with the legal unit to handle the case according to the procedures.	No significant difference
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	V		(II) The Company keeps the list of dominant shares and the ultimate control of the main shareholders under control and makes reports and disclosures as required.	No significant difference
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	V		(III) The Company has established the “Regulations Governing the Monitoring and Control of Subsidiaries” to ensure each subsidiary operates independently. The accounting and auditing units of the head office shall strictly implement the control system and monitor transactions between related companies according to the relevant asset acquisition and disposal, endorsement guarantee, and capital loan regulations to prevent any risks that may arise from unconventional transactions. In 2022, the shareholders' meeting passed the amendment to the Procedures for Acquisition or Disposal of Assets, and the amendment of	No significant difference

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
			authorization limit for material transactions of affiliated enterprises that should be approved by the Board of Directors or shareholders' meeting.	
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	V		(IV) The Company has established the "Procedures for the Prevention of Insider Trade and Points of Control" to prevent insiders from using unpublished information to trade securities. After the Board of Directors meeting, we will arrange legal and case-example promotion for directors and managers.	No significant difference
III. The Organization and Function of the Board (I) Has the board of directors formulated a diversity policy, specific management objectives, and implemented them for its members?	V		(I) The Company has developed a diversity policy and performance evaluation measures for board members according to the "Corporate Governance Best Practice Principles." The directors elected this year have relevant backgrounds and work experience in the industry, finance and accounting, legal compliance practice, strategic planning, and risk management. This is in line with the diversity policy, and two female directors have been elected to strengthen the goal of gender equality. Please refer to pages 9, 10, and 17 for directors' professional qualifications, diversity, independence, and assessment results.	No significant difference
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?	V		(II) In addition to the Remuneration Committee and the Audit Committee, the Company has also established a Nomination Committee to consult outstanding director candidates for the Company. In addition, a Sustainability Committee, an Employee Welfare Committee, and a Labor Retirement Reserve Supervision Committee have also been formed. Additional functional committees will be	No significant difference

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
			established in the future as necessary	
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluation at regular intervals of each year? And report the performance evaluation result to the Board as reference for deciding the remuneration to individual Directors and nomination for a renewed term of office?	V		(III) Performance evaluation has been conducted yearly according to the "Board of Directors Appraisal Measures" approved by the Company's 3rd Board of Directors meeting in 2019. The performance evaluation of the Board of Directors, directors, and committees in 2023 was completed in February 2024, and the results were submitted to the Board of Directors on March 13, 2024. For implementation details, please refer to page 17.	No significant difference
(IV) Has the Company assessed the independence of the CPAs at regular intervals?	V		(IV) The Accounting Department compiles a 13-index evaluation table based on the professional ability, audit experience, interest and business relationship with the Company, shareholding, independence, and impartiality of the CPAs (see Article 47 of the Certified Public Accountant Act) to evaluate the independence and suitability of the accountants. Each independent auditor has provided their curriculum vitae and declaration of independence (without violation against Professional Code of Ethics No. 10) and the firm's "Audit Quality Indicators ("AQIs")". The relevant information is provided to the Audit Committee and the Board of Directors for discussion. The 2023 Annual Report has been assessed and passed by the 1st session of the Board in 2023.	No significant difference

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
IV. Has the company listed on the TWSE/TPEx designated a number of qualified personnel and appointed an officer for administering corporate governance (including but not limited to the supply of information for the Directors and Supervisors in performing their duties, holding of meetings for the Board and the Shareholders Meeting and handling related matters, assist the Directors and Supervisors in legal compliance, and compilation of the minutes of meetings of the Board and Shareholders Meeting on record)?	V		On November 6, 2020, the Company's Board of Directors appointed Assistant vice president Tai as the Accounting Department's head of corporate governance. Manager Tai has over 10 years of experience as a finance and accounting supervisor and has been appointed to this position. Manager Tai will lead the team consisting of designated personnel from the Admin. Dept. and Shares Registrar Office to handle the matters of the Board and the administrative details of the Shareholders Meeting, provide the Board with information on laws and regulations, assist the Directors in legal compliance, prepare the minutes of the sessions of the Board and the Shareholders Meeting on record, and respond to the questions of the Directors and the shareholders.	No significant difference

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
	V		Key business points for 2023 are listed as follows: 1. Convened six meeting of the Board of Directors, six Audit Committee meetings, five Remuneration Committee meetings, and three Nomination Committee meetings, with minutes prepared. 2. The annual shareholders' meeting was held on June 9. The meeting notice, handbook, annual report and meeting minutes were prepared. The full re-election of directors was completed, and the relevant changes and registrations were processed according to the resolutions of the shareholders' meeting. 3. Promote insider trading prevention information and assist directors in arranging further training courses. 4. Arrange communication meetings between independent directors, CPAs, and audit supervisors. 5. Assist directors and managers in understanding the update and promotion of relevant laws and regulations. 6. Arrange liability insurance for directors and report the scope of coverage to the board. Please refer to page 24 for the continuing education of corporate governance supervisors.	
V. Has the Company established channels for the communication with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and a section for the stakeholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		The Company's website has set up a special area to provide spokesperson contact information and relevant business windows for interested parties. The sustainability management in the Company's website and the annual sustainability report disclose communication channels, frequency, other issues of concern to stakeholders, and the Company's responses to various issues and implementation results.	No significant difference
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		The Company has commissioned “Grand Fortune Securities” to handle the share registration and matters pertinent to the Shareholders Meeting.	No significant variation.

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on its financial position and operation, as well as corporate governance? (II) Has the Company adopted any other means for disclosing information (such as the installation of an English-language website, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesperson system, and placing the records of institutional investor conferences on the official website)?	V V		(I) The Company has set up a Company website to disclose financial, business, and corporate governance information. Website: www.panpi.com.tw. (II) The Company has set up an English website. The Investor Relations Division collects company information which is disclosed on a regular basis. The Division also implements a spokesperson system, convenes investors conferences, publishes English financial reports and discloses relevant information as required.	No significant difference No significant difference
(III) Has the Company disclosed and declared the financial statements within 2 months after the end of the fiscal year, and announced and declared the financial statements covering Q1, Q2, and Q3, and the monthly business reports before the deadline?	V		(III) The Company has declared and announced the annual and quarterly progress report and financial statements by the deadline as required. The Company aims at making announcements well before the deadline and schedules for the operation in advance so that the investors can quickly learn about the operation results of the Company.	No significant difference
VIII. Is there any other essential information that would help understand the implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and liability insurance coverage for the Directors and Supervisors)?	V		Employee rights : The Company actively protects the rights and interests of employees. The relevant employee regulations comply with the Labor Standards Act and the local laws and regulations of each plant. Grievance channels are provided, and malpractices are rigorously investigated to protect the rights and interests of employees. The Company has established a bonus-sharing system that allows employees to share business results and builds positive labor-management relations. Employee care : The Company's Employee Welfare Committee improves various welfare systems and subsidy activities in accordance with the changes in social trends to care for the employee's daily lives. Investor relations: The Company has established a spokesperson as the	No significant difference

Items of evaluation	The operation			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons
	Yes	No	Summary description	
			contact window for investors, held legal seminars to explain the Company's operations, announced monthly revenue in advance, and maintained a good relationship with investors. Supplier relationship: The Company has maintained smooth channels and good relations with suppliers, regularly held supply chain conferences, and cooperated with all parties to create a green supply chain system. Stakeholders' rights: There is a stakeholder relations section established on the Company's website. The section disclose the implementation results of various issues and the corresponding contact points to respond to suggestions and questions, in order to protect the rights of stakeholders. Continual education status for directors: The Company has assisted directors in obtaining the necessary information and relevant courses for continual studies. Please refer to the following description for further education. The implementation of risk management policies and risk measurement standards: The Company has established a sound accounting system, internal control system and internal audit system and has properly implemented these systems. The corporate governance team of the Sustainability Committee shall meet annually to assess the risk issues that may be faced in the next year, submit the findings to the board of directors for discussion, and formulate response strategies. The implementation of customer policy: Implement and maintain good customer interaction. Protection of Directors with liability insurance: The Company takes out annual liability insurance for the protection of all Directors and reports this to the Board.	
IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and issues requiring special effort for improvement and related measures of the most recent year.				

<table>
<tr><th rowspan="2">Items of evaluation</th><th colspan="3">The operation</th><th rowspan="2">Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">1. Are the Company’s chairman, president, or other persons of equivalent rank (top executives) the same person or each other's spouse or relatives of first degree? After the re-election of the directors this year, the Board of Directors appointed another president to implement the supervision and management authority separation policy.
2. Does the Company's Board of Directors include at least one female director: During the current board re-election, a female director candidate has been elected as a director of the Company, accounting for 29% of all directors. This is the implementation of the board diversity policy and the goal of gender equality.
3. Whether the number of independent directors represented by the Company is more than one-half of the total number of directors: During the re-election of directors, four independent directors were elected, accounting for 57% of the total number of directors. As such, more than one-half of the total number of directors has been achieved.
4. Whether the Company will convene the shareholders' meeting before the end of May: This year's shareholders' meeting will be held on 5/31.
5. Whether the Company's shareholders' meetings are broadcast live or uploaded with uninterrupted audio and video of the entire shareholders' meeting after the shareholders' meeting: This year's shareholders' meeting will be live-streamed to provide shareholders with more ways to participate in the shareholders' meeting.
6. Does the Company have any functional committees other than those specified by law, such as the Nomination Committee, Risk Management Committee, or Sustainable Development Committee? The Company has established a Nomination Committee.
7. Does the Board of Directors assess the independence and suitability of CPAs with reference to the AQIs on a regular basis (at least once a year): The Board of Directors assessed the independence and suitability of CPAs with the AQIs last year, which was disclosed in this year's annual report.
8. Has the prepared and sustainability report been verified by a third party and uploaded to the Market Observation Post System (MOPS) and the Company's website: This year's sustainability report will be verified by a third party and the English sustainability report will be uploaded.</td></tr>
</table>

Continuing education of the Directors:

<table>
<tr><th>Title</th><th>Name</th><th>Date of training</th><th>Organizer</th><th>Name of course taken</th><th>Hours of training</th></tr>
<tr><td>Chairman</td><td>Kuang-Ya Lee</td><td>2023/07/04</td><td>Taiwan Stock Exchange Corporation</td><td>2023 Cathay Pacific Sustainable Banking and Climate Change Summit</td><td>6 hours</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">Ying-Shih Huang</td><td>2023/10/24</td><td>Corporate Operating and Sustainable Development Association</td><td>Case Study and Analysis on Insider Trading Laws and Practices</td><td>3 hours</td></tr>
<tr><td>2023/04/20</td><td>Corporate Operating and Sustainable Development Association</td><td>Corporate Governance and Securities Laws and Regulations Knowledge of Senior Executives of TWSE/TPEX-Listed Companies Regarding Supervision by the Competent Authorities</td><td>3 hours</td></tr>
<tr><td>Director</td><td>Feng-An Huang</td><td>2023/08/30</td><td>Republic of China Accounting Research and Development Institute</td><td>"Risk Management and ESG Keys"
Promote Corporate Sustainability Through “Risk Management”</td><td>6 hours</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">Chih-Keng Chen</td><td>2023/10/20</td><td>Securities and Future Institute</td><td>2023 Insider Trading Prevention Advocacy Meeting</td><td>3 hours</td></tr>
<tr><td>2023/09/07</td><td>Securities and Future Institute</td><td>Technical Development and Business Opportunities of Electric Vehicles and Smart Vehicles</td><td>3 hours</td></tr>
</table>

		2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Independent Director	Ming-I Kuo	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Independent Director	Lin Ching-Wei	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6 hours
Independent Director	Wen-Jung Cheng	2023/11/08	The National Federation of CPA Associations of the R.O.C.	Analysis of the Practical Operation of Independent Directors and Audit Committee	3 hours
		2023/10/20	Securities and Future Institute	2023 Insider Trading Prevention Advocacy Meeting	3 hours
		2023/04/27	Taiwan Stock Exchange Corporation and Taipei Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3 hours

Continuing education of Corporate Governance Officer:

Title	Name	Date of training	Organizer	Name of course taken	Hours of training
Corporate Governance Officer	Chih-Hao Tai	2023/11/23~ 2023/11/24	Republic of China Accounting Research and Development Institute	Common Corporate Tax Deficiencies and Penalties, Trademark Rights and Other Case Analysis, ESG, Corporate ESG Practice Analysis (Continuing Training Course for Accounting Supervisors)	12 hours
		2023/04/27	Taiwan Stock Exchange Corporation and Taipei Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3 hours

(IV) Remuneration committee

(1) Profiles of the members of the Remuneration Committee

April , 2024

Condition / Identity Name	Professional Qualifications and Experience	Independence Status	The number of public companies where the person also holds positions in their remuneration committees.

Independent Director (Convener)	Lin Ching-Wei	Independent Director Lin is certified as a certified public accountant and has experience in practical operation of the Company, as well as extensive experience in financial operations and account management. He will be able to effectively supervise the Company's financial operations and provide comprehensive accounting advice.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.
Independent Director	Ming-I Kuo	Independent Director Kuo is a qualified lawyer and has extensive practical experience in legal compliance affairs of law firms and banks. She will be able to effectively supervise and provide comprehensive suggestions on legal issues related to the Company's operations.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.
Independent Director	Chih-Keng Chen	Independent Director Chen holds a doctorate degree and is currently a professor and the chair of the Department of Vehicle Engineering of the University of North University of Science and Technology. He has comprehensive technology and knowledge related to the automotive industry and abundant industry contacts. He can provide professional supervision, advice and recommendation for the Company's development in the automotive industry and introduce relevant talented people to the Company.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.

(2) Information on the Remuneration Committee in operation

I. The Remuneration Committee of the Company contains 3 members.

II. The tenure of the committee members: from June 9, 2023, to June 8, 2026. The Remuneration committee convened 5 times in the most recent year. The qualification requirement and attendance of the members is shown below:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Convener	Lin Ching-Wei	3	0	100%	Newly elected to office
Members	Ming-I Kuo	3	0	100%	Newly elected to office
Members	Chih-Keng Chen	3	0	100%	Newly elected to office
Convener	Min-Chang Wei	2	0	100%	Relieved from office
Members	Wen-Jung Cheng	2	0	100%	Relieved from office
Members	Mien-Ching	2	0	100%	Relieved from

	Huang				office

Note: The Company re-elected directors at the shareholders' meeting on June 9, 2023, and the new directors took office on June 9, 2023. The meeting of the Remuneration Committee was convened two times before the re-election, and three times after the re-election.

Additional information:

I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee (if the Board resolved a better remuneration than the recommendation of the Remuneration Committee, specify the difference and the reason for the difference): Not applicable.

II. If a member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members: Not applicable.

III. Matters of discussion and resolutions of the Remuneration Committee, and the Company's opinions to the members:

Date	Cause of motion for discussion	Resolution	The response of the Company to the opinions of the members
2023.03.14 The 11th session of the 4th Meeting	Appropriation of remuneration to the employees and the Directors in 2022.	Passed	No opinion, Not applicable.
2023.05.09 The 12nd session of the 4th Meeting	Appropriation of remuneration to the Directors in 2022.	Passed	No opinion, Not applicable.
2023.06.09 The 1st session of the 5th Meeting	Nomination of the convener and meeting chair of the Remuneration Committee.	Passed	No opinion, Not applicable.
2023.08.08 The 2nd session of the 5th Meeting	The remuneration of the newly promoted managers and the performance evaluation standard.	Passed	No opinion, Not applicable.
2023.11.13 The 3rd session of the 5th Meeting	1. Proposal for the release of year-end bonuses and performance bonuses to the employees in 2023. 2. Ratification of the 2022 distribution of remuneration to employees.	Passed	No opinion, Not applicable.

(3) Duties of the Remuneration Committee

1. Regularly review the Remuneration Committee Charter and propose amendments.
2. Formulate and regularly review the policies, systems, standards and structures of the performance and remuneration of the Company's directors and managers.
3. Regularly evaluate the achievement of performance targets and the remuneration of the Company's directors and managers.

(V) Nomination Committee

(1) Information on members of the Nomination Committee

April , 2024

Identity \ Condition	Name	Professional Qualifications and Experience	Independence Status	The number of public companies where the member also holds positions as a nomination committee member
Independent Director (Convener)	Wen-Jung Cheng	Independent Director Cheng is a certified accountant. He is currently a chief accountant of Fubo United Accounting Firm. He is proficient in international accounting standards, financial statement auditing, as well as tax planning and can provide perfect suggestions for the company's financial report preparation, regulatory compliance, and internal control management to fulfill his supervisory duties.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.
Independent Director	Chih-Keng Chen	Independent Director Chen holds a doctorate degree and is currently a professor and the chair of the Department of Vehicle Engineering of the University of North University of Science and Technology. He has comprehensive technology and knowledge related to the automotive industry and abundant industry contacts. He can provide professional supervision, advice and recommendation for the Company's development in the automotive industry and introduce relevant talented people to the Company.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.
Director	Feng-An Huang	Director Huang has served as the accounting and management manager of Chinfon Group and Hon Hai Group with over 40 years of experience. Mr. Huang has rich experience in financial report management, cost control, and company listing affairs and can assist companies to improve accounting management, internal audit, and internal control systems.	Please refer to page 9&10, Director Information Table 1, for information on the independence of independent directors.	None.

(2) Information on Nomination Committee operation

I. The Company's Nomination Committee consists of 3 members.

II. The tenure of the committee members: from June 9, 2023, to June 8, 2026. The Remuneration committee convened 3 times in the most recent year. The qualification requirement and attendance of the members is shown below:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Convener	Wen-Jung Cheng	3	0	100%	Reelected to office
Members	Chih-Keng Chen	1	0	100%	Newly elected to office
Members	Feng-An Huang	3	0	100%	Reelected to office
Members	Mien-Ching Huang	2	0	100%	Relieved from office

Note: The Company re-elected directors at the shareholders' meeting on June 9, 2023, and the new directors took office on June 9, 2023. The meeting of the Nomination Committee was convened two times before the re-election, and once after the re-election.

Additional information:

I. The Board of Directors does not adopt or amend the suggestions of the Nomination Committee: No such case.

II. Decisions of the Nomination Committee to which a member has an objection or reservation that is recorded or stated in a written statement: None.

III. Matters of discussion and resolutions of the Nomination Committee, and the Company's opinions to the members:

Date	Cause of motion for discussion	Resolution	The response of the Company to the opinions of the members
2023.03.14 The 1st session of the 1s Meeting	Nomination of the convener and meeting chair of the Nomination Committee.	Passed	No opinion, Not applicable.
2023.04.18 The 2nd session of the 1st Meeting	Nomination of director candidates and qualification review.	Passed	No opinion, Not applicable.
2023.06.09 The 1st session of the 2nd Meeting	Nomination of the convener and meeting chair of the Nomination Committee.	Passed	No opinion, Not applicable.

(3) Duties of the Nomination Committee

The Company established a Nomination Committee in March 2023 with the following responsibilities:

1. Nominate the Company's director candidates and review the qualifications of director candidates.
2. Construct the organizational structure of each functional committee under the board of directors, and review the establishment and amendment of the charters of each functional committee.
3. Review the establishment and amendment of the regulations related to the operation of the Board of Directors of the Company.

4. Review the Company's Corporate Governance Best-Practice Principles.
5. Other matters as instructed by the Board of Directors to the Committee.

(VI)Sustainable Development Implementation Status and Reasons for Deviation from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (part-time) unit to promote sustainable development, has the Board of Directors authorized senior management to handle the matter, and what is the Board of Directors' supervision status?	V		The Company's Sustainability Committee (originally the CSR Executive Committee, changed its name in 2022 upon approval of the Board of Directors) is dedicated to promoting the Company's sustainable development. Director Huang serves as the convener and gathers central-level managers, management, and audit departments of each plant to organize tasks. The Sustainability Committee analyzes and reviews the impact and importance of various issues by collecting opinions from stakeholders, regulatory updates and organizational advocacy to formulate response policies and implementation plans and goals. The convener will supervise the implementation of each unit, and compile the annual plan implementation results into the sustainability report. The 2022 implementation (sustainability report) was submitted to the 5th board meeting in 2023, and the GHG inventory plan was reported quarter by quarter. The board of directors also provided suggestions and guidance on the setting of various goals and the achievement of results.	No significant difference
II. Does the Company follow the principle of materiality in assessing the environmental, social, and corporate governance risks related to its operations, and map out related risk management policies or strategies?	V		The Corporate Governance Team of the Sustainability Committee evaluates the environmental, social and corporate governance risk issues that the Company will face in the coming years based on the materiality principle in the sustainability report and feedback from stakeholders, and the evaluation includes the Taiwan head office and mainland China subsidiaries. In response to various risk issues, we formulate countermeasures and provide contingency plans for each business unit to reduce possible hazards and losses. The proposal plans have been	No significant difference

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			reported at the 6th session of the Board in 2023. Please refer to page 31 and the Company's website for relevant information.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system by nature of its industry?	V		The industrial attribution of the Company's products includes the electronic parts and components and automotive industries. In setting up the environmental safety management system for each plant, in addition to local laws and regulations and customer requirements, the international environmental trends are also taken into account. We have introduced management systems such as ISO 9001, ISO 14001, ISO 45001, and ITAF 16949, which have been verified by third parties. Information on related certification and validity is available at the official website of the Company.	No significant difference
(II) Has the Company made efforts for the efficient use of all resources, and used renewable materials for mitigating the impact on the environment?	V		In order to achieve the goal of energy conservation and emission reduction, the Company's plants in mainland China, Malaysia, and Thailand have gradually installed solar power generation devices to increase the ratio of green power consumption and reduce carbon emissions. We are also actively reviewing the alternatives to green raw materials, improving production efficiency and reusing various production materials to minimize the impact and harm to the environment. Please refer to pages 42 to 61 of the Company's 2022 sustainability report and the information on the Company's website on the relevant environmental protection issues.	No significant difference

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(III) Has the Company assessed the potential risks or opportunities deriving from climate change and its effect on the Company at present and in the future, and mapped out a response to climate related issues?	V		The Company has completed the project of exploring the risks and opportunities of climate change on future operations for the headquarters in Taiwan as well as the main production bases in mainland China in accordance with the TCFD framework. This was reported to the 3rd meeting of the board of directors in 2023. The Sustainability Committee plans to respond to potential risks, improves operational resilience, and capitalizes on opportunities to increase profits. This model is also used to review the risks and opportunities faced by production sites in each location and formulate countermeasures. For related information, please refer to the Company's annual sustainability report and website.	No significant difference
(IV) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of waste over the last 2 years, and mapped out the policies for managing the reduction of carbon and greenhouse gas emissions, water consumption, and the generation of waste?	V		The Company's data on GHG emissions, water consumption, total weight of waste, and other data, as well as energy conservation and emission reduction policies for the past two years, are disclosed in the 2022 sustainability report. The boundary includes the headquarters in Taiwan and all plants in mainland China. For energy conservation and carbon reduction, each plant has undergone the building solar power installations to increase the rate of electricity use and reduce GHG emissions in scope 2. At the same time, we are also gradually reviewing the amount of carbon emissions generated by each production machine, improving the efficiency of their use, and replacing them in order to achieve the goal of carbon reduction. As for the PCB plant area that uses a large amount of water in the production process, the water efficiency of each process has been proactively reviewed and the utilization rate of recycled water has been increased to reduce water consumption. The waste reduction policy aims to reduce the waste removal rate by	No significant difference

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			reducing the wastage rate and increasing the recycling rate.	
IV. Social Issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	V		The Company formulates labor policies and personnel regulations in accordance with the local labor laws and regulations of the plant areas and International Labor Office Tripartite Declaration of Principles to ensure labor rights. Meanwhile, the Company has established various grievance channels and handles grievance cases properly to prevent the recurrence of malpractices. The Company strengthened the promotion of gender, race, religious equality, non-employment of child labor, non-forced labor and other issues. In 2023, training sessions were held for 1,304 people and total training hours were 2,810 hours.	No significant difference
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits), and reflected the performance or results of operations in the remunerations to the employees?	V		The Company's employee welfare system includes employee trips, health checkups, festival bonuses, childbirth subsidies, and group insurance. The salary structure is reviewed annually and adjusted appropriately. The Articles of Incorporation stipulates that no less than 5% of the annual profit shall be allocated as remuneration to employees. Bonuses shall be distributed according to the performance of employees, so that all employees can share the fruits of their hard work and efforts. For details, please refer to the Company's sustainability report and the information disclosed on the Company's website.	No significant difference

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(III) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals?	V		The Company promotes the occupational safety policy with the goal of zero occupational safety incidents. Labor safety in each plant has strengthened the promotion of fire safety, occupational hazard, and production safety awareness for new employees, and disaster prevention drills are arranged on a quarterly basis. Regarding accidents of other companies, the Company immediately holds presentations to enhance the related risk awareness, and expect employees to pay attention to danger and protect themselves at all times. In 2023, the occupational safety education training sessions were held for 13,904 people, and the total training hours were 27,492 hours. Each plant has also successively obtained ISO 45001 certification according to the plan. In 2023, there was no occupational injury (including fire) in the Company's plants.	No significant difference
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	V		The Human Resources Division has arranged step-by-step education and training courses based on the four major aspects of employment, talent, management, and physical and mental health to enhance the professional ability and competitiveness of employees. At the same time, a transparent promotion channel has been established to provide employees with positive motivation.	No significant difference
(V) Has the Company complied with applicable legal rules and international standards in the marketing and labeling of products and services for the health, safety, and privacy of customers, and mapped out policies for the protection of consumer rights, and procedures for complaint?	V		We attach great importance to the rights and interests of clients, and have established standard procedures for relevant operations, complied with the clients' production requirements and international standards, created a complaint channel to maintain smooth communication with clients, and purchased liability insurances to avoid risks.	No significant difference

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(VI) Has the Company established a supplier management policy to demand suppliers to observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	V		The Company adopts a graded system (A - D, four levels) for supplier management. Only suppliers with ISO 9001/14001, IATF 16949 certificates and no records of environmental pollution, network bribery, industrial safety and labor safety incidents can be qualified as our supplier. Routine management reviews the operations of suppliers through monthly and yearly performance appraisals. As customers and investors attach more importance to ESG items, a checklist regarding production environment and employee rights and interests has also been added to the evaluation table. For non-compliance items, a preliminary warning and a deadline for improvement are issued. Suppliers that are unable to meet the requirements will be downgraded to grade C and included and in the elimination list. In addition, in the event of a supplier's major incident of breach of commitment, the Company will immediately terminate the procurement contract and seek compensation for the losses.	No significant difference
V. Has the Company consulted the standard or directions commonly used worldwide in compiling corporate social responsibility reports for the disclosure of non-financial information of the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?	V		The Company's Sustainability Report is prepared in accordance with the Chinese version of the GRI Sustainability Reporting Standards translated and compiled by the BCSD, and incorporates the contribution of the United Nations Sustainable Development Goals (SDGs). This year, a third-party verification unit has been arranged to provide assurance opinions and will be disclosed to the public as required.	No significant difference
VI. If the Company has instituted the corporate social responsibility best practice principles according to the "Corporate Social Responsibility Best Practice Principles for the TWSE/TPEx-listed Companies," specify the implementation of these principles and the difference from the Corporate Social Responsibility Best Practice Principles for the TWSE/TPEx-listed Companies: No difference.				
VII. Other important information that helps understand the promotion of sustainable development: Environment: In order to improve energy conservation and emission reduction, all plants conducted an energy use model review for the installment of solar energy equipment to increase the utilization rate of green power. At the same time, to reach the carbon reduction targets, we have reviewed the carbon emission and consumption of the production process and machines, improved efficiency and replaced old machines.				

<table>
<tr><th rowspan="2">Implementation Items</th><th colspan="3">Status of implementation</th><th rowspan="2">Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">The new plant in Taiwan has complied with the government's green building regulations, and the office decoration will also take green standards and ergonomics into account, so as to build a friendly environment and an employee-friendly workplace environment. Moreover, the Company continues cooperating with the gift-giving network by initiating the “Love Box” campaign by recycling and gifting second-hand items for donation. Employees contribute items from home that they no longer use and donate them to social welfare groups and schools in rural areas for those in need through the network platform to maximize the use of resources. A total of 613 items were donated in 2023, reducing 440Kg of waste, and 907Kg of carbon emissions.

Social aspects: The Company has frequently provided gifts to disadvantaged groups in the community and adheres to caring for the disadvantaged and aiding the impoverished. The following are the relevant giving-back activities planned for 2023.
1. Donation of NT$200,000 to Genesis Social Welfare Foundation to support vulnerable social groups.
2. Donation of NT$100,000 to Disasters Rescue Association for helping disaster rescue and relief.
3. Donation of NT$100,000 to Mennonite Christian Hospital for helping the medical and long-term care in rural areas.
4. Donation of NT$80,000 to the New Taipei City Friends of Police office in Xindian and the Anhe police service station for sponsoring their activities.
5. Donation of NT$200,000 to Huashan Social Welfare Foundation for the daily necessities of disadvantaged groups.
6. Donation of NT$60,000 to the Senior Citizens Club in Anhe Village, Xindian for supporting annual activities.
7. Donation of NT$300,000 to the Digital Humanitarian Association for the online health courses and health care in rural communities in New Taipei City.
8. Every month, each plant site arranges and organizes employees to help clean the environment of local communities, visit the homes of the elderly and orphanages, volunteer help or donate blood to give something back to society. There are more than 100 participants on average every month.

In addition, to help young students participate in international competitions and improve their professional and technical skills, the Company sponsored NTD 800,000 in the Formula Race Car Team of National Taipei University of Technology to participate in the FSAE race in Japan, and NTD 300,000 in the Team FRC 8806 of Our Lady of Providence High School in 2024 FIRST Robotics Competition.

Corporate governance: In the re-election of directors this year, independent directors held four of the seven directors, or 57%. Only one employee of the Company concurrently served as a director, or 14%, to establish the independence of the Board. Female directors held two seats of the seven directors, or 29%, which improves the gender ratio. Moreover, the current Board has been equipped with professional talent to achieve the goal of diversity. The Board of Directors has appointed a new president, who is not served by the chairman. By doing this, we establish the separation of supervision and management powers to keep powers and responsibilities in line. We have also established a Nomination Committee to find suitable talent for future director candidates. At the same time, we will organize succession plans, train our senior executives, and establish promotion paths to lay the foundation for sustainable operation.</td></tr>
</table>

The Corporate Governance Team of the Sustainability Committee of the Company has followed the principle of materiality in the sustainability report to assess the risks affecting the our operations. We have proposed the following countermeasures:

Risks	Issues of impact	Countermeasures
Environmental protection	Carbon inventory and carbon reduction plan	We complete and disclose carbon inventories as required, and formulate carbon reduction plans based on the inventory results.
	Update of regional environmental protection regulations	We collect information and regulations in various regions, and adjust operations to comply with laws and regulations.
	Flood (water shortage)	We formulate water-saving plans and increase the recycling rate of production water.
Social co-prosperity	Employee care	We regularly review salary policies and improve employee benefits.
	Occupational safety incident	We establish corresponding SOPs, conduct regular drills and reviews, strengthening employee education and training and occupational safety awareness.
	Earthquake/Fire	We establish corresponding SOPs, and rehearse and review insurance coverage on a regular basis.
Corporate governance	Information security issues	We formulate information security policies, arrange manpower and organizational plans.
	Ethical corporate management	We improve promotions, raise awareness of ethical corporate management, provide reporting channels to actively prevent fraud.
	Market volatility	We carefully analyze market trends and conservatively evaluate investment plans and decisions.
	Laws and regulations	We enhance promotion, raise awareness of compliance, and strictly control stamp usage.
Others	Severe infectious diseases	We formulate corresponding SOPs and organize backup plans.

Climate related information

1. Implementation of climate-related information

Item	Status of implementation
1. Describe the board of directors' management oversight, governance, and climate-related risks and opportunities.	In 2022, we commissioned PwC Taiwan to conduct the Task Force on Climate-related Financial Disclosures (TCFD) project. The implementation results have been submitted to the Board as the basis for future response strategies. Currently, the plan is for the Sustainability Committee to regularly report the climate risks faced by Pan-International to the Board of Directors, along with the countermeasures. By doing this, the Board of Directors can fully supervise the climate risk issues, and then decide on the relevant management policies and review the implementation. In 2023, the Company cooperated with Weathernews Taiwan Ltd. to conduct a flood risk analysis for two key plants, and informed them of the possible future climate and financial risks. Based on this risk policy, future countermeasures have been formulated, which will be disclosed in the 2023 ESG Report.
2. Describe how the identified climate risks and opportunities will affect the Company's business, strategy, and finances in the short-, medium-, and long-term).	The identified climate risks and opportunities have not yet been compiled as of the publication date of this annual report. After the impact data review is completed and submitted to the Board of Directors for approval, it will be disclosed on the Company's website, ESG report, and next year's annual report.
3. Describe the financial impacts of extreme climate events and transitional actions.	The evaluation is currently in progress. The financial impact of extreme climate events and transformation actions on the Company will be confirmed and reported to the Board of Directors for approval before disclosure.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Pan-International has introduced a climate-related risk and opportunity identification mechanism in 2022, which has been continuously operating. In 2023, we analyzed the financial risk of flooding for two key plants based on the time horizon, likelihood of occurrence, and impact on operations. Through the matrix of risk and opportunity in climate change, we conducted a complete inventory and assessment of the impact of climate risks and opportunities on the Company's operations. It is still in progress.
5. The scenarios, parameters, assumptions, analysis factors, and major financial impacts must be explained if scenario analysis is used to assess resilience to climate change risks.	Currently, the Business as Usual (BAU) and Net Zero scenario assessment methods are adopted.
6. If there is a transition plan for managing climate-related risks, describe the plan's content and the indicators and goals used to identify and manage physical risks and transition risks.	The Company is evaluating whether to implement the transformation plan or formulate the indicators and goals of the relevant plan.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price must be stated.	Not applicable.

8. If climate-related goals are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year must be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits or RECs to be offset must be clarified.	The greenhouse gas inventory of the company and its subsidiaries is currently underway. After the inventory is completed and the emissions are determined, emission reduction targets and implementation plans will be proposed, and the relevant information will be disclosed.
9. Greenhouse gas inventory and certification status.	As shown in the table below.

1-1 Greenhouse gas inventory and certification status

Basic Information of the Company	Disclosure required by the Sustainable Development Roadmap for TWSE (GTSM) Listed Companies	
☐ Companies with a capital of over NT$10 billion, the iron and steel industry, and the cement industry ■Companies with a capital of over NT$5 billion but less than NT$10 billion ☐ Companies with a capital of less than NT$5 billion	■Individual inventory of the parent company	☐Inventory of subsidiaries included in the consolidated financial statements
	☐Assurance of the parent company	☐Assurance of subsidiaries included in the consolidated financial statements

Year of inventory	Scope of data	GHG category	Boundary		Total emissions (Metric ton CO2e)	Density (Metric ton CO2e/NT$ million)	Certification body	Certification status description
2022	Parent company and four plants in China	Scope 1	Parent company		4.2096	0.0004	None.	Being scheduled
			Subsidiary	Dongguan Plant	129.0623	0.0713	None.	Being scheduled
				Yantai Plant	2,169.5195	0.4205	CEPREI	2023/4 Certificate obtained
				Jiangxi Plant	794.2667	0.5498	None.	Being scheduled
				Wuhu Plant	133.5848	0.0442	None.	Being scheduled
			Total		3230.6429	0.2824	NA	
		Scope 2	Parent company		65.0069	0.0055	None.	Being scheduled
			Subsidiary	Dongguan Plant	3,515.1302	1.9415	None.	Being scheduled
				Yantai Plant	72,133.1213	13.9819	None.	Being scheduled
				Jiangxi Plant	3,983.3825	2.7571	None.	Being scheduled
				Wuhu Plant	1,253.4477	0.4145	None.	Being scheduled
			Total		80950.0886	7.0772	NA	
		Scope 3	Total		Not inventoried.			
2023	Parent company and four plants in China	Scope 1	Parent company		In progress		None.	Being scheduled
			Subsidiary	Dongguan Plant			None.	Being scheduled
				Yantai Plant			None.	Being scheduled
				Jiangxi Plant			None.	Being scheduled
				Wuhu Plant			None.	Being scheduled
			Total		NA	NA	NA	
		Scope 2	Parent company		In progress		None.	Being scheduled
			Subsidiary	Dongguan Plant			None.	Being scheduled
				Yantai Plant			In progress	Being scheduled

				Jiangxi Plant			None.	Being scheduled
				Wuhu Plant			None.	Being scheduled
			Total		NA	NA	NA	
		Scope 3	Total		Not inventoried.			

Note: 1. The inventory boundary in 2022 mainly covers the head office in Taiwan and important subsidiaries in China. The scope of the inventory will be expanded in 2023. The inventory is currently in progress and will be disclosed in the annual ESG report and the Company's website upon completion.

2. The Company's listed subsidiaries in Southeast Asia will conduct a GHG inventory in 2023 in accordance with local laws and regulations and disclose relevant information in the annual report of shareholders' meeting. This annual report has not been announced to the public as of the date of publication. Please check the relevant information on the Company's website in the future. https://pieib.com.my/annual-reports/

(VII) The Practice of Ethical Corporate Management and Related Policies and Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies

Items of evaluation	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and action plans (I) Has the Company specified its policies and methods for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to implement the ethical corporate management policies?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" were approved by the Board of Directors in 2020. The 5th Board of Directors meeting in 2021 also adopted the "Procedures for Ethical Management and Guidelines for Conduct" as a code of conduct for managers and employees to prevent fraud, corruption, and other illegal acts. For the implementation and execution of the relevant ethical corporate management policies and the supervision of the Board of Directors, please refer to the Company's Sustainability Report and the descriptions on the Company's website.	No significant difference
(II) Has the Company developed mechanisms for the assessment of integrity risks with routine analysis and assessment of operating activities exposed to higher integrity risks in the operation, based on which the Company has planned for the prevention of unethical practices? The content shall cover at least the preventive measures contained in Paragraph 2 in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies".	V		(II) We have established risk assessment mechanisms based on the "Procedures for Ethical Management and Guidelines for Conduct", and conducted internal audits to regularly review the results of various unethical conduct inspections and propose countermeasures. Meanwhile, the Company has strengthened its advocation to directors, managerial officers, employees, clients, and suppliers to jointly establish an integrity management corporate culture environment.	No significant difference
(III) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and system for disciplining and complaints, and have these plans been implemented with routine review	V		(III) The Company has established the "Integrity Management Operating Procedure and Action Guideline" to regulate the relevant disciplinary and grievance systems. The annual implementation results of the ethical management policy were presented to the 3rd session of	No significant difference

Items of evaluation	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
and revision?			the Board in 2023. The establishment of the ethical management policy and plans for continuous improvement will be regularly reviewed each year.	
II. Implementation of ethical corporate management (I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?	V		(I) When the Company selects suppliers and customers, their ethical records are considered as the basis for selection. When signing the contract, suppliers are also required to sign the commitment of integrity to implement the Ethical Corporate Management Best Practice Principles.	No significant difference
(II) Has the Company established a designated body directly under the Board for administering ethical corporate management with routine reporting to the Board (at least once a year) on the implementation of ethical corporate management policies and plans for the prevention of unethical practices, and the supervision of the implementation of these policies?	V		(II) The Corporate Governance Team under the Sustainability Committee is responsible for making and implementing ethical corporate management-related policies and working with the Auditing Office to check for unethical practices. The result of implementation has been reported to the 3rd session of the Board in 2023.	No significant difference
(III) Has the Company made policies for the prevention of conflicts of interest, and appropriate channels for complaints, and properly implemented the policies?	V		(III) The Company has established the “Integrity Management Operating Procedure and Action Guideline” to prevent conflicts of interest, and set up an appeal channel whereby the human resources or audit unit is responsible for reviewing appeal proposals to deal with the issues fairly and protect the safety of whistleblowers.	No significant difference
(IV) Has the Company established effective accounting systems and internal control systems for the proper implementation of ethical corporate management? Has the internal audit unit designed relevant audit plans on the basis of the assessment results of integrity risks for the prevention of unethical practices and compliance of related rules and regulations, or commissioned certified public	V		(IV) The Company has established comprehensive and effective accounting and internal control systems, and has implemented these systems smoothly. In addition to implementing the annual audit plan, the internal auditors will adjust the plan on the basis of the findings from the assessment of the risks of unethical practices, and compile the findings into audit report for	No significant difference

Items of evaluation	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
accountants to conduct audits on unethical practices?			routine reporting to the Auditing Committee the Board.	
(V) Has the Company provided internal and external training on topics of business integrity?	V		(V) Integrity management is the fundamental essence of the Company. In addition to promoting insider trading provisions to directors and managers after approval by the Board of Directors, we also encourage honest behaviors and fraud prevention, and provide reporting channels to all employees in the daily education and training courses. Related training has been held in the year with 3,708 people participating, with a total of 3,582 hours of classes in 2023.	No significant difference
III. The reporting system of the Company in practice (I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V		(I) The Company has established a reward, punishment, and appeal system according to the "Integrity Management Operating Procedure and Action Guideline." Employees may report violations to the human resources or auditing unit via phone, physical mailbox, and email, and the responsible unit will review and issue punishments according to regulations.	No significant difference
(II) Has the Company established standard operation procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?	V		(II) The personnel administration regulations of the Company explicitly state the mechanisms for responding to reports, and carry out investigations and punishment according to the regulations, and keep strict confidence on the information of the informants and the investigation procedures.	No significant difference
(III) Has the Company taken any measures for the protection of the informants from suffering undue treatment?	V		(III) According to the Company's "Integrity Management Operating Procedure and Action Guideline," the identity of the informants and the contents of the report will be kept in strict confidence. Informants will not suffer undue treatment for the act	No significant difference

Items of evaluation	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary description	
			of whistle-blowing.	
IV. Enhancement of information disclosure Has the Company disclosed the content of the Ethical Corporate Management Best Practice Principles on its official websites and MOPS, and the result of the implementation?	V		The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Integrity Management Operating Procedure and Action Guideline," and disclosed the relevant contents and information on the Company's official website and MOPS.	No significant difference
V. If the Company has instituted the Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies", specify the implementation of the principles and any deviations, if applicable: The Company has instituted the Ethical Corporate Management Best Practice Principles and there is no deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies".				
VI. Any other important information that helps to understand the implementation of the Ethical Corporate Management Best Practice Principles better: (Such as the review and amendments to the Ethical Corporate Management Best Practice Principles) The Company has amended the "Ethical Corporate Management Best Practice Principles" during the 4th board of directors meeting in 2020 to update the Company's ethical corporate management provisions and formulated the "Integrity Management Operating Procedure and Action Guideline" during the 3rd board of directors meeting in 2021 as the code of conduct for and employees. Employees, suppliers, and customers must sign a commitment letter to pledge integrity and anti-corruption. We have also strengthened the integrity awareness and the reporting mechanisms, which are operating smoothly. For additional information on the implementation, refer to the official website, annual report, and sustainability report.				

(VIII) If the Company has instituted the Ethical Corporate Management Best Practice Principles and related rules and regulations, disclose the means for inquiry:

The Company has instituted the Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies”, and operates in accordance with applicable legal rules. In addition, the Company has also gradually implemented corporate governance. Additional information is available on the official website.

Company website: www.panpi.com.tw

(IX) Any other important information that helps to under the pursuit of corporate governance better:

The Company has compiled the annual sustainability report and disclosed the contents of its ESG policy, the Ethical Corporate Management Best Practice Principles, and the results of their implementation at the official website and MOPS.

Website of the Market Observation Post System: mops.twse.com.tw

(X) Implementation of Internal Control:

1. Declaration of Internal Control

Pan-International Industrial Corp.

Declaration of Internal Control System

Date: March 13, 2024

The Company has conducted self-assessment of its internal control system in 2023 and hereby declares as follows:

I. The Company acknowledges and understands that the establishment, enforcement and preservation of the internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. Its purpose is to reasonably ensure the effect and efficiency of operations (including profitability, performance and security of assets), the reliability, timeliness, transparency, and compliance with relevant legal rules.

II. There is a limitation inherent to internal control systems, no matter how perfect the design. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Furthermore, the operating environment and situation may vary, and hence the effectiveness of internal control systems. Only if the internal control system of the Company features a self-monitoring mechanism, can any shortcomings be corrected immediately once they are identified.

III. The company judges the effectiveness of the internal control system's design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The items "the Criteria" uses for judging the internal control system are composed of five elements according to the procedure of management control: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; 5. monitoring. Each of the elements in turn contains certain audit items. For more information on the items, please refer to the "the Criteria".

IV. The company has adopted the aforementioned internal control system to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned evaluation, the Company believes that it has reasonably guaranteed the achievement of the aforementioned goals within the aforementioned period of internal control (including the monitoring over the subsidiaries) as of December 31, 2023, including the effectiveness and efficiency of operations, reliability, timeliness and transparency of financial reporting and compliance with relevant legal rules, and that the design and implementation of the internal control system is effective.

VI. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be made public. If there is any fraud, concealment and unlawful practice discovered in the contents of the aforementioned information, the Company shall be liable for legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.

VII. This statement of declaration has been approved by the Board on March 13, 2024, with 7 directors in common consent.

Pan-International Industrial Corp.

Chairman: Lee, Kuang-Yao (Signature)

President: Sung-Fa Lu (Signature)

2. If CPAs are retained to examine the internal control system, disclose the review report: None.

(XI) In the most recent year and as of the publication date of the annual report, the Company and its internal personnel have been punished according to the law, and the Company has imposed penalties on its internal personnel for violations of the internal control system, or major deficiencies and improvements: None.

(XII) Major decisions of the Shareholders Meeting and the Board in the most recent year to the day this annual report was printed:

1. The regular session of the Shareholders Meeting on June 9, 2023, resolutions made by all Shareholders in session and implementation of the resolutions:

Resolutions	Status of implementation
Passed the 2022 Business Report and Financial Statements	-
Passed the proposal for distribution of earnings in 2022	Cash dividend at NT$1.4 per share will be paid to shareholders, payment was completed on September 25, 2023.
Passed the amendment to the Company’s "Articles of Incorporation”.	The change in registration was approved by the Ministry of Economic Affairs on July 13, 2023.
Passed amendment to the Company's "Rules of Procedure for Shareholders’ Meeting"	Complied with the amended procedures.
Election of a new Directors	A new Board consisting 7 seats of Directors was elected as per the results of the ballot. Tenure is 3 years, from June 9, 2023, to June 8, 2026. List of elected Directors: Lee, Kuang-Yao, Feng-An Huang and Ying-Shih Huang List of elected Independent Directors: Wen-Jung Cheng, Ching-Wei Lin, Ming-I Kuo and Chih-Keng Chen
Lifting of the non-compete ban for Directors	Passed the resolution to lift the ban on competing businesses of directors Kuang-Ya Lee and Ying-Shih Huang.

2. Major resolutions of the Board in 2023:

Date	Important resolutions:
2023.03.14	1. Passed the financial statements of 2022. 2. Passed the proposal for remuneration to employees in 2022. 3. Passed the amendment to the Company's "Articles of Incorporation". 4. Passed the amendment to the Company's "Rules of Procedure for Shareholders’ Meeting" 5. Passed the amendment to matters pertinent to the regular session of the Shareholders Meeting in 2023. 6. Passed the motion for the election of a new Directors. 7. Passed the Declaration of the Internal Control System in 2022. 8. Passed the establishment of the "Nomination Committee". 9. Passed the approval of the provision of non-assurance services by PwC Taiwan and affiliates to the Company and its subsidiaries in advance. 10. Passed the evaluation of the independence and suitability of CPAs and appointment.
2023.04.18	1. Passed the proposal for distribution of earnings in 2022. 2. Passed the nomination of director candidates. 3. Passed the motion of lifting the ban on non-compete of the Directors.
2023.05.09	1. Passed the 2023 1st quarter consolidated financial report proposal. 2. Passed Establishment of the "Procedures for Preparation and Verification of Sustainability Report". 3. Passed the amendment to the “Corporate Governance Best Practice Principles”. 4. Passed the establishment of an "Information Security Management Team"

2023.06.09	1. Election of Chairman. 2. Appointment of members of the Remuneration Committee. 3. Appointment of members of the Nomination Committee. 4. Appointment of the President of the Company.
2023.08.08	1. Passed 2023 2nd quarter consolidated financial report proposal. 2. Passed the ex-dividend base date and related matters for 2023. 3. Passed the amendment to some provisions of the "Procedures for Board of Directors Meetings". 4. Passed the promotion of the Vice President of the Administrative Division. 5. Passed the job adjustment of the accounting supervisor. 6. Passed the remuneration and performance evaluation standards for newly promoted managers.
2023.11.13	1. Passed the change of CPAs due to internal rotation at the firm. 2. Passed the 2023 3rd quarter consolidated financial report proposal. 3. Passed the 2024 Audit Plan. 4. Passed the 2024 Business Plan. 5. Passed the motion for applying for bank loan credit. 6. Passed the proposal to authorize Director Huang to be responsible for signing audit reports and managing audit work cases.
2024.03.13	1. Approved the 2023 financial statements 2. Approved the motion for remuneration to employees in 2023 3. Approved the motion for earnings distribution in 2023 4. Approved the motion for distribution of cash dividends 5. Approved the motion for formulation of matters related to the shareholders' meeting in 2024 6. Approved the motion for the statement of internal control system in 2023 7. Passed the evaluation of the independence and suitability of CPAs and appointment. 8. Approved the Company's Procedures Governing the Salary and Remuneration of Managers 9. Approved the ratification of the performance bonuses of the Company's managers in 2023

(XIII) Summary of the adverse opinions from the Directors or Supervisors on major decisions of the Board in the most recent year to the day this annual report was printed, with record or in written declaration: None.

(XIV) Resignation or dismissal of the Chairperson, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and Head of R&D in the most recent year to the day this annual report was printed:

Title	Name	Date of assuming office	Date of relief from office	Reason for resignation/discharge
The Chairman also hold the position as the President	Song-Fa Lu	January 29, 2002	2023.06.09	Retirement
Accounting Supervisor	Feng-An Huang	January 29, 2002	2023.08.08	New assignment of duties

V. Auditors’ fee Information:

(I) The amount of audit and non-audit fees paid to the CPAs, their offices and affiliates, and the content of non-audit services:

Unit: NTD thousand

Name of CPA Firm	Name of CPA	CPA Audit Period	Auditing Public Expense	Non-auditing Public Expense	Total	Remarks
PwC Taiwan	Yung-Chien Hsu Jen-Chieh Wu	2023.1.1~ 2023.12.31	4,730	1,930	6,660	-

Note: Services included transfer pricing, preparation of group enterprise main files, certification of direct deduction for dual-status business entities, consulting fees for TCFD projects, CPA certification and audit of non-managerial employees' salary declarations, and audit of CFC financial statements/tax reports.

1. The CPA firm is replaced and the public audit fee paid in the year of the replacement is less than the public audit fee paid compared to the previous year: None.
2. If the audit remuneration is reduced by 15% or more from the previous year, the amount, ratio and reason for the reduction must be disclosed: None.

(II) The so-called audit fees refer to the fees paid by the Company to the CPAs for the audit, review, double-check and financial forecast review related to financial statements.

VI. Information on replacement of CPAs:

(I) Regarding former CPA:

<table>
<tr><td>Change date</td><td colspan="4">2023.07.01</td></tr>
<tr><td>Describe reason for replacement</td><td colspan="4">Due to internal rotation at PwC Taiwan, one of the Company's CPAs, Min-Chuan Feng, was changed to Ren-Jie Wu from Q3 2023.</td></tr>
<tr><td rowspan="3">Explain why the appointee or CPA is terminated or refuses to accept appointment</td><td colspan="2">Contract party
Condition</td><td>Independent Auditors</td><td>Appointers</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td>-</td><td>-</td></tr>
<tr><td>Review report opinions other than the unqualified opinions issued within the latest 2 years, and why they exist</td><td colspan="4">None.</td></tr>
<tr><td rowspan="6">Is there any disagreement with the issuer?</td><td rowspan="4">Yes</td><td>-</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td>-</td><td colspan="2">Scope or steps of inspection</td></tr>
<tr><td>-</td><td colspan="2">Others</td></tr>
<tr><td>None.</td><td colspan="3">V</td></tr>
<tr><td>Explanation</td><td colspan="3"></td></tr>
</table>

Other disclosure items (items that must be disclosed according to Points I-IV to I-VII, Subparagraph VI, Article X of this provision).	None.

(II) Regarding successor CPA:

CPA firm name	PwC Taiwan
Name of CPA	Jen-Chieh Wu
Date of appointment	2023.07.01
Prior to appointment, accounting treatment methods for specific transactions or accounting principles as well as consultation matters and results for financial reports that may be issued	None.
Written opinion by the successor CPA on the dissenting opinion of the former CPA.	None.

(III) Reply from the former CPA regarding the first and third subparagraphs of Article 10, Paragraph 6, of the Regulations: None.

VII. Information on the Company's chairman, president, manager in charge of financial or accounting affairs, and those who have worked in the CPA firm or its affiliates within the last year: None.

VIII. Equity transfer and equity pledge modification status of directors, managers, and shareholders holding over 10% of the shares for the last years until the printing date of this annual report:

Changes in the Equity of Directors, Managers, and Major Shareholders

Unit: Shares

Title	Name	2023		As of April 1, 2024	
		Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged	Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged
Chairman	Kuang-Ya Lee	0	0	0	0
Director	Feng-An Huang	0	0	0	0
Director	Ying-Shih Huang	0	0	0	0
Independent Director	Wen-Jung Cheng	0	0	0	0
Independent Director	Lin Ching-Wei	0	0	0	0
Independent Director	Ming-I Kuo	0	0	0	0
Independent Director	Chih-Keng Chen	0	0	0	0
The President	Ming-Feng Tsai	0	0	0	0
Accounting Supervisor	Chih-Hao Tai	0	0	0	0
Major Shareholders	Hon Hai Precision Industry Co., Ltd.	0	0	0	0

Note 1: Affiliate that is a counterparty of equity transfer or equity pledge: None.

Note 2: None of the directors, supervisors, managers, and major shareholders of the Company has handled equity pledges. So there is no change in pledges.

IX. The top 10 shareholders who are spouses or relatives within the second degree of kinship as listed in the Statement of Financial Accounting Standards (SFAS) No.6.:

Information on relationship among the top 10 shareholding ratio shareholders

Name	Personal Shareholding		Holding of shares by spouse, underage children		Total shares held under the name of others		The title, name, and relationship of top 10 shareholders who are spouses or relatives within the second degree of kinship as listed in the Statement of Financial Accounting Standards (SFAS) No.6.		Remarks
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Name (or name)	Relation	
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%	0	0	0	0	Hong Yuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Baoxin International Investment Co., Ltd.	Investors whose investment is evaluated using the equity method	
Representative: Young Liu	0	0%					--	--	
Hong Yuan International Investment Co., Ltd.	17,941,593	3.46%	0	0	0	0	Hongchi International Investment Co., Ltd.; Baoxin International Investment Co., Ltd.	Same Person as Chairman	
Representative: Te-Tsai Huang	0	0%					--	--	
Standard Chartered Bank (Taiwan) Limited as custodian of LGT	12,485,000	2.41%	0	0	0	0	--	--	
Hongchi International Investment Co., Ltd.	7,595,399	1.47%	0	0	0	0	Hong Yuan International Investment Co., Ltd.; Baoxin International Investment Co., Ltd.	Same Person as Chairman	
Representative: Te-Tsai Huang	0	0%					--	--	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,271,000	1.02%	0	0	0	0	--	--	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a	5,234,613	1.01%	0	0	0	0	--	--	

series of Vanguard Star Funds									
Standard Chartered Bank (Taiwan) Limited as custodian of LGT (Asia) Company	4,078,000	0.79%	0	0	0	0	--	--	
Baoxin International Investment Co., Ltd.	3,655,479	0.71%	0	0	0	0	Hong Yuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.	Same Person as Chairman	
Representative: Te-Tsai Huang	0	0%					--	--	
Standard Chartered Bank's iShares Emerging Markets ETF	3,551,366	0.69%	0	0	0	0	--	--	
JPMorgan Chase Bank as custodian of Vanguard Stock Index Fund II Investment Account	2,729,000	0.53%	0	0	0	0	--	--	

X. Combine the number of shares held for the same reinvestment enterprise by an enterprises directly or indirectly controlled by the Company as well as its directors and managers; and calculate the comprehensive shareholding ratio:

Comprehensive Shareholding Ratio

Unit: Shares

Reinvestment Business	Investment by the Company		Investment by the directors and managers or an enterprises they directly or indirectly controlled		Combined Investment	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
PAN GLOBAL HOLDING CO., LTD.	6,726	100%	—	—	6,726	100%
PAN-INTERNATIONAL ELECTRONICS INC.	28,000	100%	—	—	28,000	100%
Yann-Yang Investments Corp.	33,316,236	100%	—	—	33,316,236	100%

Four. Fundraising Status

I. Capital and Shares

(I) Source of Equity

Source of Equity

Unit: NTD / Share

Year Month	Price of Issuance	Approved Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Equity	Those who use assets other than cash to offset the share price	Others
May 2000 (Note 1)	29	450,000,000	4,500,000,000	344,100,000	3,441,000,000	Cash Capital Increase 80,000,000 shares	—	—
August 2004 (Note 2)	10	450,000,000	4,500,000,000	362,800,000	3,628,000,000	Surplus Capital Increase 18,700,000 shares	—	—
July 2005 (Note 3)	10	530,000,000	5,300,000,000	401,626,000	4,016,260,000	Surplus Capital Increase 38,826,000 shares	—	—
July 2006 (Note 4)	10	530,000,000	5,300,000,000	423,000,000	4,230,000,000	Surplus Capital Increase 21,374,000 shares	—	—
July 2007 (Note 5)	10	530,000,000	5,300,000,000	441,500,000	4,415,000,000	Surplus Capital Increase 18,500,000 shares	—	—
July 2008 (Note 6)	10	530,000,000	5,300,000,000	467,800,000	4,678,000,000	Surplus Capital Increase 26,300,000 shares	—	—
June 2009 (Note 7)	10	530,000,000	5,300,000,000	487,903,158	4,879,031,580	Surplus Capital Increase 20,103,158 shares	—	—
June 2010 (Note 8)	10	600,000,000	6,000,000,000	503,674,118	5,036,741,180	Surplus Capital Increase 15,770,960	—	—

						shares		
June 2011 (Note 9)	10	600,000,000	6,000,000,000	509,413,546	5,094,135,460	Surplus Capital Increase 5,739,428 shares	—	—
July 2013 (Note 10)	10	600,000,000	6,000,000,000	515,767,445	5,157,674,450	Surplus Capital Increase 6,353,879 shares	—	—
July 2014 (Note 11)	10	600,000,000	6,000,000,000	518,346,282	5,183,462,820	Surplus Capital Increase 2,578,837 shares	—	—

Note 1: Approval letter March 9, 2000 (2000) Tai-Cai-Zheng (Yi) No. 108193
Note 2: Effective letter June 24, 2004 Tai-Cai-Zheng-Yi-Zi No. 0930127993
Note 3: Effective letter July, 1, 2005 Jin-Guan-Zheng-Yi-Zi No. 0940126601
Note 4: Effective letter July, 21, 2006 Jin-Guan-Zheng-Yi-Zi No. 0950131865
Note 5: Effective letter July, 9, 2007 Jin-Guan-Zheng-Yi-Zi No. 0960035127
Note 6: Effective letter July, 3, 2008 Jin-Guan-Zheng-Yi-Zi No. 0970033177
Note 7: Effective letter June 23, 2009 Jin-Guan-Zheng-Fa-Zi No. 0980031298
Note 8: Effective letter June 29, 2010 Jin-Guan-Zheng-Fa-Zi No. 0990033566
Note 9: Effective letter June 29, 2011 Jin-Guan-Zheng-Fa-Zi No. 1000030068
Note 10: Effective letter July 5, 2013 Jin-Guan-Zheng-Fa-Zi No. 1020026265
Note 11: Effective letter June 16, 2014 Jin-Guan-Zheng-Fa-Zi No. 1030027194

Type of Shares	Approved Share Capital			Remarks
	Outstanding share	Unissued share	Total	
Common share	518,346,282	81,653,718	600,000,000	All of the outstanding shares are listed stocks.

Information about the blanket declaration system: None.

(II) Shareholder Structure:

Shareholder Structure

Unit: Shares
April 1, 2024

Shareholder Structure / Quantity	Government institution	Financial institution	Other corporation	Foreign institutions and foreigners	Individual	Total
Number of people	0	4	309	173	98,885	99,371
Number of shares held	0	266,288	142,275,018	60,548,362	315,256,614	518,346,282
Shares Ratio	0.00%	0.05%	27.45%	11.68%	60.82%	100%

(III) Equity ownership dispersion status:

Equity ownership dispersion status Unit: Shares

Face value NT$10 per share April 1, 2024

Shareholding rating	Number of shareholder	Number of shares held	Shares Ratio
1--------999	41,794	2,878,260	0.56%
1,000------5,000	45,966	93,605,756	18.06%

5,001-----10,000	6,544	52,086,704	10.05%
10,001-----15,000	1,853	23,444,698	4.52%
15,001-----20,000	1,091	20,416,087	3.94%
20,001-----30,000	830	21,083,891	4.07%
30,001-----40,000	375	13,473,959	2.60%
40,001-----50,000	246	11,524,283	2.22%
50,001----100,000	381	27,510,057	5.31%
100,001----200,000	162	22,290,422	4.30%
200,001----400,000	75	20,841,752	4.02%
400,001----600,000	17	8,450,255	1.63%
600,001----800,000	8	5,700,165	1.10%
800,001--1,000,000	8	7,390,749	1.42%
More than 1,000,001	21	187,649,244	36.20%
Total	99,371	518,346,282	100.00 %

Special share: None.

(IV) Name list for the main shareholders:

Name list for the main shareholders

Shareholding ratios for the top 10 shareholders of the Company are listed as follows: Unit: Shares

Share / Name of major shareholders	Number of shares held	Shares Ratio
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%
Hong Yuan International Investment Co., Ltd.	17,941,593	3.46%
Standard Chartered Bank (Taiwan) Limited as custodian of LGT	12,485,000	2.41%
Hongchi International Investment Co., Ltd.	7,595,399	1.47%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,271,000	1.02%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,234,613	1.01%
Standard Chartered Bank (Taiwan) Limited as custodian of LGT (Asia) Company	4,078,000	0.79%
Baoxin International Investment Co., Ltd.	3,655,479	0.71%
Standard Chartered Bank's iShares Emerging Markets ETF	3,551,366	0.69%
JPMorgan Chase Bank as custodian of Vanguard Stock Index Fund II Investment Account	2,729,000	0.53%

(V) Prices, net worth, surplus, dividends, and related information of stocks in the most recent two years.

Information on market price, net worth, earnings, and dividend per share

Unit: NTD/thousand shares

Year / Item			2022	2023	Current year until March 31, 2024
Market Price per Share	Highest		41.70	45.80	38.65
	Lowest		30.05	33.80	30.25
	Average		36.09	38.02	33.65
Net value per share	Before distribution		24.89	25.86	(註 2)
	After distribution		23.49	(註 1)	--
Earnings per share (EPS)	Weighted average number of shares		518,346	518,346	518,346
	Earnings per share (EPS)		2.55	2.42	(註 2)
Dividend per share	Cash dividends		1.40	1.30	--
	Stock Dividends	--	--	--	--
		--	--	--	--
	Accumulated Unappropriated Dividends		--	--	--
Investment Return Analyses	P/E Ratio		14.15	15.71	(註 2)
	Price-Dividend Ratio		25.78	29.25	(註 2)

	Cash Dividend Yield (%)	3.88	3.42	--

Note 1: The 2023 surplus distribution has yet to be approved by the shareholders meeting.
Note 2: As of the printing date of the annual report, there is no information verified or certified by CPA.

(VI)Company Dividend Policy and Implementation Status

1. Dividend policy

The Company is presently in the growing phase. The Company's dividend distribution policy will depend upon its current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets while taking into account the shareholders' interests and the Company's long-term financial planning. Shareholder dividends are allocated as the shareholders' cumulative distributable surplus and shall not be less than 15% of the distributable surplus for the current year, and the cash dividends in shareholder dividends shall not be less than 10%.

2. Implementation Status:

The board of directors has passed a resolution to distribute a cash dividend of NT$1.30 per share and reported the proposal to this shareholders meeting. After the meeting, the board of directors shall separately determine the ex-dividend base date, payment date, and other related matters.

3. Expected material changes in dividend policy: None.

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

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

(VIII)Remuneration to Employees and Directors

1. The percentage or scope of remuneration for employees and directors as stipulated in the Company's Articles of Incorporation:

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

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

2. Account handling when the basis for the assessment of employee and director

remuneration, the basis of calculation for the number of shares distributed as employee remuneration, and the actual estimation amount for this period are inconsistent:

All calculations are based on the number or range specified in the aforesaid Articles of Incorporation, and there is no plan to distribute employee remuneration via stocks during this period.

3. Remuneration distribution approved by the board of directors:

(1) Remuneration in cash for employees was NT$79,012,197 and remuneration for directors was NT$7,901,220.

(2) There is no employee remuneration distributed by stocks.

(3) For any discrepancy between the actual distributed and recognized amount, specify the discrepancy, the reason for the discrepancy, and the treatment: None.

4. Actual remuneration distributions for employees and directors in the previous year:

Distribution Status	Amount of actual distributions resolved by the shareholders meeting	Amount of distributions originally approved by the board of directors	Difference	Reason for the difference
1. Employee cash	NT$79,012,197	NT$79,012,197	—	—
2. Employee shares				
(1) Shares	0 shares	0 shares	—	—
(2) Amount	NT$0	NT$0	—	—
(3) Stock value	—	—	—	—
3. Director and supervisor remuneration	NT$7,901,220	NT$7,901,220	—	—

For any discrepancy between the actual distributed and recognized amount, specify the discrepancy, the reason for the discrepancy, and the treatment: None.

(IX) Company shares buyback status: None.

II. The state of corporate bonds, preferred shares, overseas depository receipts, employee stock options, restricted shares for subscription by employees, and mergers and acquisitions (including mergers, acquisitions and spinoffs):

(I) Corporate debt handling status: None.

(II) Preferred share handling status: None.

(III) Disclosure relating to overseas depository receipts: None.

(IV) Disclosure relating to employee stock warrants: None.

(V) Names of managers holding employee warrants and names of top ten employees in terms of subscription numbers: None.

(VI) Disclosure relating to restricted shares for subscription by employees: None.

(VII) Names of managers holding new restricted employee shares and top ten employees acquiring the most shares and the acquisition status: None.

(VIII) Mergers, acquisitions (including mergers, acquisitions and divisions), or transfers: None.

III. Issuance of new shares in the event of a merger or acquisition of another company's shares:

(I) Mergers and acquisitions of shares issued by other companies in the most recent year and up to the date of publication of the annual report:

1. Mergers or evaluation opinion from the lead securities underwriter on the issuance of new shares to acquire or acquire shares of other companies in the most recent quarter: None.
2. Implementation in the most recent quarter. If implementation progress does not meet the target, the impact on shareholders' equity and improvement plan shall be explained in detail

(II) Mergers and acquisitions of shares issued by other companies approved by the Board in the most recent year and up to the date of publication of the annual report: None.

IV. Fund Utilization Plan Implementation Status

The Company has not issued, not completed, or completed a fund utilization plan within the last 3 years but has not yet shown any benefit.

Five. Operation Overview

I. Business Content

(I) Business Scope

1. Main contents of business operation
   (1) CC01080 Electronics Components Manufacturing.
   (2) CC01110 Computer and Peripheral Equipment Manufacturing.
   (3) CC01060 Wired Communication Mechanical Equipment Manufacturing.
   (4) CC01020 Electric Wires and Cables Manufacturing.
   (5) CQ01010 Mold and Die Manufacturing.
   (6) F106010 Wholesale of Hardware.
   (7) F107990 Wholesale of Other Chemical Products.
   (8) CB01010 Mechanical Equipment Manufacturing.
   (9) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
   (10) F401010 International Trade.
   (11) CC01070 Wireless Communication Mechanical Equipment Manufacturing.
   (12) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
   (13) F208031 Retail Sale of Medical Apparatus.
   (14) F108031 Wholesale of Medical Devices.
   (15) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. The Company's current product items and business proportions

	Item	Business Proportions
1	Electronic Components	60%
2	Consumer Electronics and Computer Peripherals	40%
	Total	100%

3. New products planned to be developed

(1) Automotive low-voltage harness

(2) High-voltage cable for EV

(3) Medical Consumables

(4) Medical instrument cable

(5) Industrial control cable

(6) Type C to HDMI With CEC Converter Cable

(7) CAT7 / 8 Lan cable

(8) Charger Inlet

(9) Mining Machine PCB

(10)Server l PCB

(11)ADAS PCB

(12)Vehicle Optoelectronic Panels

(II) Industry Overview

1. Cables and Connectors

   (1) The cables and connectors produced by the Company are primarily used in computers

as well as their peripheral equipment and network communication systems. Therefore, the product growth is in synch with the development of personal computers, peripherals, and mobile communications related products. The Company intends to use its existing cable manufacturing technology to enter and cultivate the niche industries such as automotive/medical/industrial/cloud server as well as other components and modules required by the market in order to raise the product technology content threshold.

(2) In light of the global climate changes and energy resource reduction, there has been increased international concerns about environmental protection and energy conservation. Despite the automotive chip shortage problems for global new energy vehicles during the epidemic period, it is still expected to show strong sales strength in the future. Moreover, governments of various nations have also set production suspension targets for pure gas vehicles, introduced related industrial policies for the electric vehicle industry, and offered supplementary benefits. These efforts will significantly strengthen the development of the new energy vehicle market. The future popularization of electric vehicles will also directly drive a large demand for charging equipment. The demand for high-voltage lines and charging cables for electric vehicles will also gradually grow.

(3) In the first half of 2023, the sales volume of self-owned car manufacturers in China has reached 53.7%, an increase of 8.6% from the same period in 2022. The era of joint venture automakers in China in the past is gradually waning. Passenger cars of self-owned brand in China are also being exported. The overall market for automotive wiring harnesses will grow due to the increase in car exports from China until the second half of 2023.

(4) Vehicle safety, entertainment, and smart user environment have become increasingly popular regardless of new energy or traditional fuel vehicles. Automotive electronics and systems have gradually moved towards high-definition screens and camera lenses in order to meet drivers' and passengers' demands. Many signals and data transmitted by the equipment must meet the high-speed transmission and response requirements, and the corresponding wires and connectors must also meet the high-frequency and high-speed transmission specifications. More and more high-end automotive sensors and antennas are also demanding stricter product specifications for high-speed transmission and delay-free response. In addition to connectors, wires are the focus of the regulation.

(5) From the beginning phase, the number specifications of the charging equipment for electric vehicles were substantial, but gradually they were integrated into a single standard. Internationally unified standards such as CCS2 and NACS are gradually

taking shape. High-voltage wiring products with large square meters have also gradually evolved and developed, and new products such as copper and aluminum bars have progressively emerged in the high-voltage power system.

(6) In Southeast Asian countries, motorcycles are the main means of transportation. Under the subsidy policies of many local governments, the rise of electric motorcycles has slowly eroded the market for traditional diesel motorcycles, and also driven the development of electric motorcycle chargers and wiring harnesses. Due to the small battery capacity of electric motorcycles, small high-voltage household travel chargers are the main focus. All electric motorcycle manufacturers have similar specifications, except for the appearance of the charger and the connector, which will develop in the direction of single gauge increase.

(7) The scale for medical materials is expected to reach US$400 billion globally in 2022 mainly due to the medical expenditure growth, health awareness increase, and the aging population phenomenon. Surgery materials, infection control, cardiovascular applications, general medical materials, and home care supplies will make up the bulk of the main medical materials market. Hospital surgery and infection control are related to life survival, and the price can always maintain an advantage. Medical products must comply with local regulations before they reach the market. If the products have applied for licenses in the European and American markets previously, it would pose a major advantage for expanding into other markets. However, the North American market has been pursuing the trend of TAA regulations in the past two years, and many manufacturing opportunities will gradually be transferred to countries with TAA conditions for production.

(8) The global health care expenditure has continued to rise, and it is anticipated to exceed US$15 trillion by 2030. Moreover, with the advancements in digital technologies, the development of AI and 5G technologies, the lack of human resources in the care industry, and the demands for precision diagnosis; the development of smart health is accelerating. The integration of medical and digital technology industries has become a new market trend. The Company's medical equipment and electronic components have increased integration. Many electronic foundries are designing medical equipment with component manufacturers in an attempt to stay ahead of the digital health development trend. This is especially true during the AI era, where Big Data analysis and prediction in the medical field can create huge business opportunities in the digital electronics industry.

The development of Class III medical equipment such as heart rate regulators and defibrillators have continued to accelerate. The United States produces a large number of Class III medical equipment every year. The production line and product assurance test have 50 steps and 80 components at every turn. Some components are even too small to be held by human hands. According to a Med Device Online report, Class III medical devices and their manufacturing processes must comply with the strict U.S. Food and Drug Administration (FDA) regulations. This must rely on automated production line management, and inventory control also poses a major challenge. Industry 4.0 technology includes machine-to-machine (M2M) communication, cyber physical system (CPS), and Cloud computing in order to overcome such production challenges via high-level automation. The law requires third-level medical device manufacturers to provide a device history record (DHR) for each device, including a bill of materials (BOM), an approved manufacturers list (AML), and manufacturing processes. The DHR will also record the part number, serial number, date code, manufacturing date, and test results for equipment and parts. In addition to recording these data, the manufacturer must also ensure that the manufacturing process complies with the device master record (DMR). The scanner is installed in the manufacturing equipment and can communicate with the manufacturing execution system (MES) via the Cloud to ensure that only the parts mentioned in the DMR are assembled. The scanner uploads the part number, serial number, and date code to the electronic DHR; records all of the medical equipment manufacturing and testing processes one by one; and the test results are uploaded to the Cloud MES system for instant easy query. Some parts of the Class III medical equipment must reach a precision of 0.5mm or less and a dimensional tolerance of 10um. At this time, the high-quality vision system is used to check the parts as well as confirm the size and direction. The vision system will also communicate with special machinery and equipment to assist in the correct handling and placement of parts. The parts are originally stored in the warehouse, and they need to be replenished when the inventory is low. Therefore, inventory management is also critical. In the past, inventory management was manually processed and entered into the enterprise resource planning (ERP) system. However, with the advent of Industry 4.0 technology, inventory management has changed from manual to automation thanks to the machine-to-cloud communication, which can facilitate real-time inventory control.

(9) The Universal Serial Bus (USB) Type-C interface is facing revolutionary changes brought by consumer electronics applications. As the data to be transferred becomes increasingly larger, the USB specification is still evolving, and the speed of USB3.1 has been increased to 10 Gbps in the newer generation computers. USB 3.2 also doubles the speed of USB 3.1 Gen2 to reach 20 Gbps. Other than that, there is no difference from the USB 3.1 specification. But USB 4.0 is totally different. Intel is vigorously promoting the Thunderbolt3 technology, which allows multiple devices to

be connected in series and eventually achieves a total bandwidth of 40 Gbps (twice that of USB3.2). Meanwhile, this interface (wire) can also transmit display signals simultaneously as well as over 100 W of electricity. At present, the USB4.0 specification directly copies this protocol, which means that while USB4.0 can double the transmission speed of USB3.2 to 40 Gbps, it also has the same interface/line video data and power transmission capabilities. USB4.0 uses a USB type-C interface. This new generation USB peripheral transfer protocol can support the highest transmission rate of 40 Gbps (or higher transmission rate) while transmitting display port video signal (for video output) and provide USB PD fast charging (for fast charging). It is essentially Intel's Thunderbolt3 technology, but it also supports the USB protocol. So it is perfectly backward compatible with Thunderbolt3, USB3.2, USB3.1, and USB2.0 protocols. As the USB organization will officially incorporate the Thunderbolt3 specification into USB 4.0, it is estimated that this protocol may be officially released around the year 2020. In general, the official release of USB 3.2 and USB 4.0 have significantly promoted the development of widely used high-speed interfaces, making data transfer and copying ever more convenient. It is foreseeable that when USB 3.2 and even USB 4.0 become the mainstream interface, the era of "one universal interface" is upon us, and displays will only need one cable to complete the power and signal transmission, which will make the people's lives significantly more convenient.

(10) HDMI transmission cables are commonly used for the audio and video transmission of consumer audio and video products such as TVs, computers, video players, and other video streaming devices. An HDMI transmission line carries both video and audio signals, and ensures that the video and audio signals will not attenuate during transmission. High-definition video has gradually become the mainstream TV and video standard, and HDMI has also taken advantage of this trend to release the latest HDMI 2.1 version standard and announce the official arrival of the 4K and 8K era. Due to the latest HDMI development as well as future video trends and as high-quality video gradually becomes the mainstream standard, the data transmission specifications of the past may no longer meet future demands. At the beginning of 2017, the HDMI forum INC. announced a new audio-visual standard and officially released the HDMI 2.1 specification prior to the end of 2017. In addition to the significant increase in image data transmission speed, the new HDMI 2.1 specification also includes the addition of Dynamic HDR specifications. In the future, the depth of field, detail, and brightness of images can be improved to display with a wider color gamut; and vertical depth and dynamic HDR are added to the visual effect in order to achieve a better 3D effect. In the future, 10K/5K images will also be considered. This means that the new era of 10K/5K for consumer audio and video is formally upon us.

(11) Cat6a network cable can support a frequency bandwidth of up to 500MHz, which is twice that of a Cat6 network cable. Cat7 network cable can support a frequency bandwidth of up to 600MHz as well as 10GBASE-T Ethernet, and can significantly reduce crosstalk noise. In response to the future 5G transmission speed and bandwidth requirements, the demand for Cat6a/Cat7 will gradually increase.

2. Electronic Manufacturing Service

(1) Today's consumer demands are changing with each passing day. Industry competition is becoming increasingly fierce, technological innovation is accelerating, and product cycles are becoming shorter. In order to speed up product launches, seize the market, and reduce production costs; many companies worldwide have increasingly relied on professional electronic manufacturing services (EMS) companies to provide global manufacturing and service OEMs. under the support of EMS factories, the original manufacturers can focus on the professional R&D, marketing, and sales. In addition, many products today require a high degree of customization, and customers have a low amount/diversified demands. So, it is necessary to maintain a moderate degree of flexibility in addition to ensure strict quality assurance.

(2) Due to global geopolitical changes, the opportunities for global manufacturing and service OEMs are slowly moving from China or Taiwan to Southeast Asian countries for development. The relocated industries are based on low-end OEMs due to customer requirements and lower demand for the supply chain level. The assembly industry is the main business. Many mid-to-high-end semi-finished products are produced in China and the finished products are sent to be assembled in Vietnam and other Southeast Asian countries. There is also a trend for US-based customers to transfer technology from domestic plants to overseas for direct production in Thailand or Malaysia. However, the competition with the Chinese supply chain seems hard to avoid, as Chinese manufacturers have also moved to Southeast Asian countries to set up branch factories or branches.

(3) Among the many technologies that can promote smart consumption, Beacon has become one of the most eye-catching technologies. Beacon refers to the creation of a signal zone via the Bluetooth low energy technology to provide accurate field information for mobile device APPs and generate different virtual/real interactive experiences. At present, the application areas include smart consumer applications such as consumer interaction or sales marketing solutions. Its customer base includes different industries such as air transportation, finance, retail, entertainment, sports, and exhibitions. Another Beacon application is in the field of smart IoT such as smart meeting rooms/door locks, inspection systems, or people and object tracking. Its customer base includes semiconductors, traditional manufacturing, and health care

industries. Beacon is like a small base station. It will be covered by the Beacon signal as long as it is within a radius of 30 meters from the Beacon. Consumers will be detected as long as they enter this range, and users can actively push various messages to consumers within range. The message type can be text, image, video, web page, etc. The Company's strategic partners have comprehensive IoT & Big Data analysis solutions. The designed product sensor/beacon can be applied to Cloud-connected enterprises or retail IoT. This Cloud solution can help companies to extract, analyze, and aggregate data from millions of events.

(4) The Internet of Things (IoT) not only has huge market potential, it also contains a wide range of technology applications. The MGI report shows that starting from 2025, the Internet of Things will generate an output value of US$3.9 trillion to 11.1 trillion in 9 environments such as factories, retail, and cities. The number of Internet of Things devices is estimated to grow to 75.4 billion. This is equivalent to an increase of 127 IoT devices every second worldwide starting in 2020. The Internet of Things (IoT) is driving a new revolution in the industry that covers a wide range of fields such as the Internet of Vehicles, medical care, communications, smart manufacturing, and smart homes.

(5) The next wave of the home networking revolution is smart home appliances. In the future, lamps, air conditioners, refrigerators, kettles, and other home appliances controlled by smart routers may be connected to the Internet; which mean the full blossom of the IoT era. In the next 4 years, each household will increase from an average of 9 connected devices to an average of 29 connected devices. Smart homes provide important fuel to drive the IoT. Strategy Analytics predicted that global consumer spending on smart-home related devices is expected to drop from US$52 billion in 2019 to US$44 billion in 2020 due to the COVID-19 epidemic in 2020. However, Strategy Analytics believes that this market will rebound in 2021, and reach US$62 billion in consumer spending during 2021. However, image transmission is also an important aspect of smart home applications. In the IoT era, smart home cameras are no longer just cameras, but have become intelligent "eyes" that can think individually. They are used for smart doorbell, children, or anti-theft monitoring; and have a certain degree of importance. Based on the current development trend, smart home demands will drive approximately over 20% of growth each year. Europe and the United States have the strongest growth momentum, and the growth rate will be even faster after the demand from emerging countries catches on in the future.

(6) The evolution of vehicle electrification and intelligentization has also brought the IoT applications into the vehicle transportation field and enabled the "Internet of Vehicles" to flourish. The objective is to connect vehicle information and mobile networks using

technologies such as satellite positioning, sensors, electronic tags, wireless network communications, and data processing. The system can effectively identify and transmit static and dynamic vehicle, pedestrian, and road environment related information; and gather the data on the back-end platform for smart management and services. The system is also commonly used in traffic safety, traffic services, city management, logistics, and transportation in addition to providing driver-related information. The development of the Internet of Vehicles has promoted the evolution of in-vehicle systems, and directly triggered the demand increase for automotive electronics in vehicles and on the roadside. Automotive market rebound, electrification, and intelligentization will become the three main forces to drive the steady growth for automotive electronics. They will also provide an explosion of business opportunities for the back-end automotive electronic module manufacturing and assembly industries.

(7) The global impacts of COVID-19 has rearranged the companies' operating environments and recovery. The industrial control market may grow slightly. The industrial control market includes different types of control products and tools as well as the corresponding electronic control components and modules. The number of PCBA used for industrial control will also develop upwards as more complex control functions appear. Still, after the out-of-stock demand caused by the pandemic, the demand in the industrial control market has remained flat or declined depending on the macro environment.

3. PCB Industry Overview

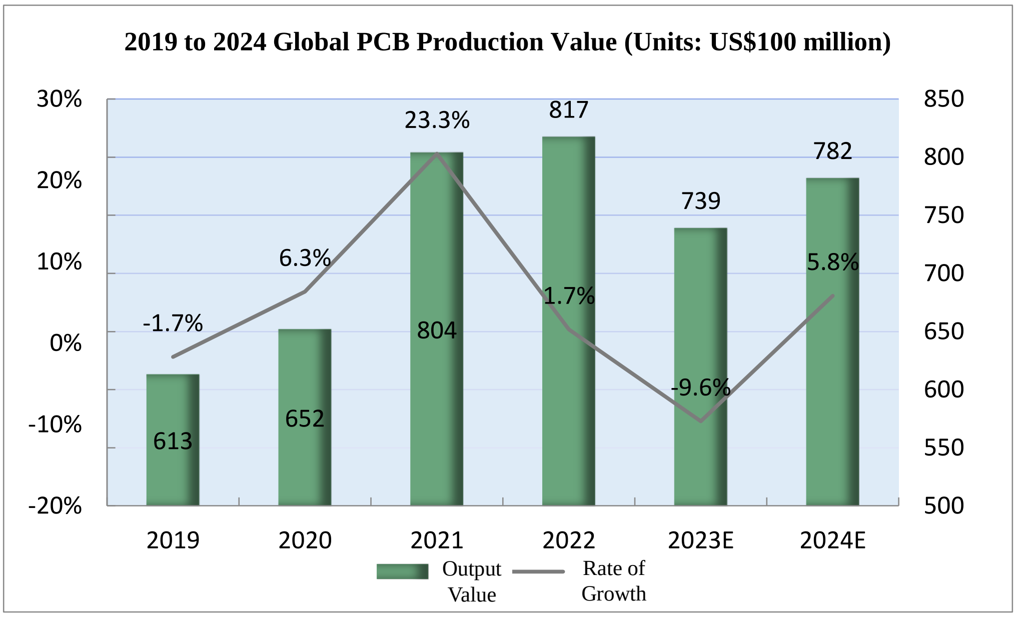
A printed circuit board (PCB) refers to a printed board that forms point-to-point connections and printed components according to a predetermined design on a general substrate. Its main function is to enable various electronic components to create a predetermined circuit connection and relay transmission and is one of the main components for all electronic products. So, it is also called the "mother of electronic products." The PCB industry is the foundation of the electronic information industry and is indispensable to electronic products. Its downstream application fields are extensive and cover various social and economic fields such as communications, industrial control, medical, aerospace, automotive electronics, and computers. Its production cycle is less affected by a single industry, and is adjusted mainly based on the fluctuations of the macro economy and the overall development of the electronic information industry.

(1) PCB Global Market:

The Prismark report pointed out that the PCB market declined severely in 2023, and the demand in many areas was weak. For PCs, mobile phones, TVs and other fields, factors such as demand, overcapacity, and falling prices have led to a significant decline in production value. Only products related to AI, automotive, and some netcom equipment performed relatively well in 2023.

Prismark predicted that, from the current situation, the price decline (especially the HDI price decline is very large), overcapacity, insufficient demand and future uncertainty will generally continue into 2024, but will enter its final stage. It is worth noting that the application of AI in 2023 brought tremendous changes to the industry. In 2024, the trend of AI will continue and its influence will continue to expand. In the first half of 2024, the outlook of the industry is generally conservative, and there will not be obvious signs of recovery in some product areas. However, everyone is more optimistic about the second half of 2024, which is generally considered to be better than 2023.

The global PCB output value and growth rate from 2019 to 2024 are shown in the figure below:

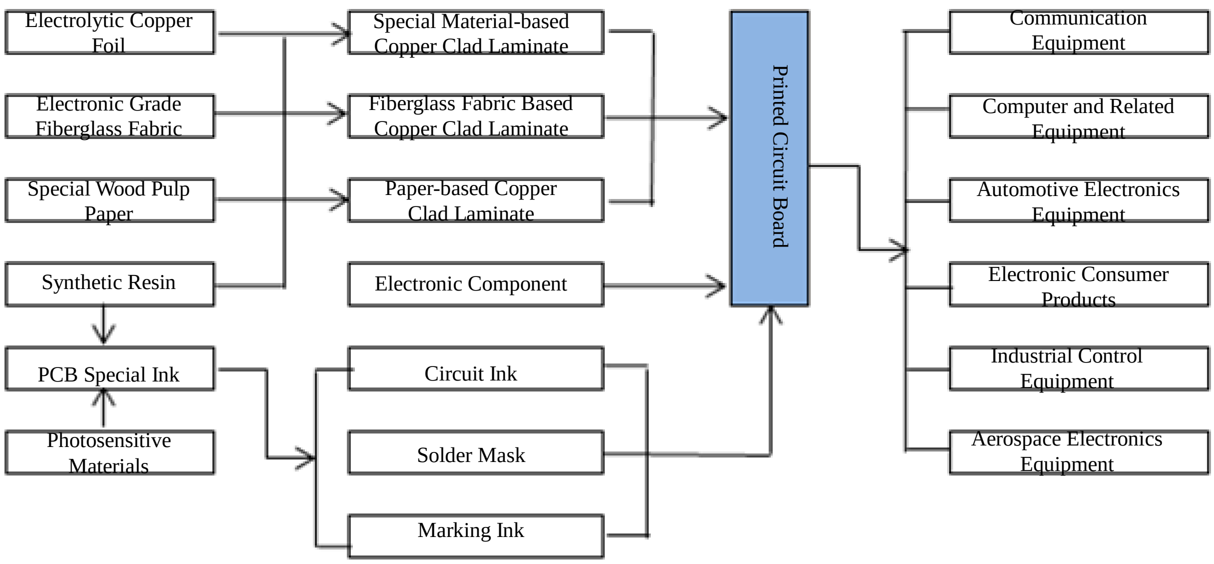


From the perspective of product type, the global market of printed circuit boards is mainly concentrated in the main product types of single-sided PCB, double-sided PCB, multi-layer PCB, HDI, packaging substrate, and flexible boards. In the global printed circuit board market, rigid boards still dominate the market, and single-sided, double-sided and multi-layer PCBs are classified as rigid boards. Among them, in 2022, the market share of rigid boards was the largest, reaching about 50%, of which multi-layer boards accounted for 40%, and single/double-sided boards accounted for 10%. Flexible boards ranked second, accounting for 18% of the market share. HDI boards and packaging substrates followed closely, accounting for 14% and 17% of the market share respectively.

With the vigorous development of technology in the electronic circuit industry, electronic products have more prominent requirements for high-density PCB. In the next five years, driven by the data processing center, the package substrates and multilayer boards will grow rapidly. Different types of PCB correspond to different downstream products. As can be seen from the following table, paper substrates are commonly used in consumer electronics and automotive electronics. Composite substrates are commonly used in consumer electronics. Multilayer boards can be applied to a wider range, and the downstream application products are also different depending on the number of components. HDI boards are commonly used in personal computers and mobile phones due to its compact nature.

(2) PCB industry chain:

The PCB industry is in the middle of the overall industrial chain. The upstream comprises various raw materials for the production of PCB, such as copper foil, resin, glass fiber cloth, ink, and other chemical materials. The midstream is mainly PCB manufacturing, and the downstream mostly applies to computers, communication equipment, industrial control, automotive electronics, consumer electronics, aerospace, and a wide range of other fields. The printed circuit board industry chain is relatively long, and the relationship between upstream and downstream is shown in the figure below:



The development of upstream and downstream industries is interrelated and mutually supporting to the PCB industry. On the one hand, a good development momentum for the PCB upstream and downstream industries can lay the foundation of growth for the PCB industry. The downstream industries would continue to demand stricter requirements for higher system integration and performance from PCB products, which will push PCB products to evolve and upgrade towards the direction of "lighter, shorter, thinner, and smaller." On the other hand, technological innovations of the PCB industry make it possible for upstream and downstream industries to create product innovations and thereby satisfy the needs of the end market.

(III) Technology and R&D Overview

1. Technical level and research and development of the business

In order to increase the proportion of automotive revenue, improve the overall gross profit margin, and meet customer needs, the Company has actively expanded the automotive wiring harness R&D team in recent years to develop EV-related wiring harness and PCB products. Additionally, the Company cooperated with customers to invest in R&D personnel during the prototype design stage for simultaneous development to strive for mass production opportunities in the future.

Regarding the research and development of consumer electronics components and EMS services, the Company focuses on improving production efficiency and reducing delivery costs to satisfy customers' requirements for price and quality.

2. R&D expenses in the most recent year

The R&D expense in 2022 was NTD 416,502 thousand, accounting for 1.59% of revenue.
The R&D expense in 2023 was NTD 477,370 thousand, accounting for 1.86% of revenue.

3. Successfully developed technologies and products

(1) EV high-voltage wiring harness
(2) EV battery pack/storage wire harness
(3) High-frequency and high-speed wires for automobiles
(4) Cables of drag chain for robots
(5) Mobile Charger
(6) Mini LED PCB
(7) Router/PIC PCB
(8) Smart cockpit panel PCB

(IV) Long-term and Short-term Business Development Plans

1. Cables and Connectors

With the development trend of electric vehicles and the popularization of automotive electronics, the Company can provide different automotive wiring harness solutions according to the needs of different customers in various regions, and customize automotive connection products with different functions for our customers. Many first- or second-tier automotive electronics suppliers are also moving towards developing smart electrified vehicles. The high-speed and large-scale data transmission required has also made high-frequency, and high-speed wiring harnesses the mainstream in the future. In terms of the existing industrial control and consumer wiring harness, the Company provides niche products in combination to some market standard products (ex. Mini SAS, HDMI, USB, Lan cable) and implements sales promotions. The Company aims to increase the product lines' breadth and business depth for the long-term, provide strategic agency for some components, actively develop the European and American markets, establish sales bases in

Mainland China, and integrate a dual-operation sales network.

The Company will cultivate the niche market via its cable manufacturing technology and simultaneous pipeline compression advantages, invest in external connection cable and disposable medical wires required for medical equipment layout, and further advance the development of direct human body contact type-2 medical lines. The market target is aimed at medical equipment power supply and signal transmission line as well as medical gas and liquid pipelines products that provide simultaneous extrusions such as ion scalpel, medical disinfection, patient monitoring equipment, and other medical wire/cable products.

2. Electronic Manufacturing Service

Based on the existing EMS one-stop production facility system and Industry 4.0 development orientation, the Company intends to further optimize the vertical production line integration and introduce the automated production advantages. The goal is to focus on the development of consumer communication products and electronic accessories, industrial PCBA, and the medical electronic product assembly market. Secondly, the Company can also enter the vehicle control modules foundry production market via its heavy vehicle wiring harness development advantages.

Master the development trend and application of new generation wireless communication technologies; use solid wireless technologies as the foundation to further strengthen the production capacity for wireless products in the communication field; and focusing on the development of WiFi 6, CPE, MiFi, and Beacon based on the development of 5G related electronic peripheral products. Seek strategic cooperation with thriving start-ups, develop smart devices and accessories-related products, and select highly complementary strategic partners to build win-win partnership networks.

The demand for the industrial control industry is gradually accelerating as the material supplies improve. Industrial PCBA production focuses on the characteristics of a small volume, diversification, and stable supply and demand. Under the high-quality demands, flexible use of production lines and supply chain adjustment will become the mainstream for customer services this year.

Looking at the development of servers or AI, PCBA for server peripherals and mining equipment has also increased accordingly, and the trend of some Chinese productions turning to Southeast Asian ones is obvious.

3. PCB Products

The long-term business development plan for the Company's PCB products is to follow customers' product demand trends in order to achieve sustainable operation. We will continue to improve quality and efficiency, reduce costs and inventory, and follow the rationalization, standardization, automation, and systemization steps to gradually promote and achieve objective of PCB manufacturing industry 4.0. We follow the industry development momentums and trends to continuously strengthen and enhance our advantages. We will continue to introduce automated production equipment to improve efficiency for the existing production capacity. Moreover, we keep following up on the development of new products and models from customers and work with them to improve product technology content and cost optimization. As well as this, we are committed to improving raw material price comparison and bargaining ability in order to maintain our competitiveness with low prices, and strive to improve the foundation of upstream and downstream supply chain integration. Furthermore, the Company must establish brand advantages, attach importance to product quality, and strictly control quality standards.

For short-term business development, the Company will continue to develop consumer electronics products in fields such as (1) game console products, (2) smart speaker products, (3) photoelectric board products, and (4) PC products. The Company will maintain the existing client-product model requirements and cooperate with clients to improve product technology content and cost optimization. Meanwhile, the Company will endeavor to promote new product model development and quality certification operations; strive for new customer recognition; promote HDI boards, and introduce new orders for HDI boards, automotive-related boards, vehicle photoelectric boards, rigid-flex boards, and Mini LEDs. We will actively provide PCB professional technical support according to the Group's development strategy, collaborate with the development and introduction of the Group's electric vehicle products, and actively expand the proportion of automotive PCBs in the Company's products.

Our long-term goal is to follow the development trend and current situation of the PCB industry, continue to strengthen the existing PCB products (such as game consoles, optoelectronic products, etc.), optimize customer structure and product structure, and increase the proportion of revenue from high-margin products. We actively explore new customers, new products, introduce Mini LED, automotive products and other new business opportunities. Additionally, we increase R&D and replacement of intelligent production lines to simplify production processes, streamline automated production processes to reduce labor requirements. We also use the Group's PAS system to inquire prices of suppliers and compare prices on srmmx.com, increasing its capabilities in raw material price negotiations or seeking alternative suppliers, while continuing to promote the reduction of raw material costs.

The PCB production process will produce pollutants and impurities such as wastewater, gas, and solid waste. If not handled properly, they will pollute the environment and adversely affect the community residents’ lives. As environmental protection policies became more stringent and environmental protection departments' supervision intensified in recent years, high-polluting and high-energy-consuming enterprises are forced to transform and upgrade, thereby promoting economic structural adjustment and development model transformation. In response to high environmental protection standards and strict environmental inspections, the Company has established a special Environmental Protection Management Department to actively respond to the latest environmental regulations and requirements, continue to increase investment in environmental protection, and provide employees with environmental protection knowledge training in order to enhance their environmental awareness. The Company has passed the ISO14001 environmental management system certification, and formulated effective prevention and control measures for different types of pollutants in order to meet the requirements provided by the laws, regulations, and customers.

Finally, the Company has worked hard in internal management in order to cope with the market competition as well as the cost pressure caused by the exchange rate and raw material price fluctuations in the peer industry. The efforts include strengthen production site management, improve material utilization, and reduce overall costs by lowering energy consumption, optimizing process design, and applying new processes and new materials. In the future, the Company will continue to maintain its growth trend via excellent cost control and production capacity.

II. Market, Production, and Sales Overview

(I) Market analysis

1. Sales area for main products

The main sales areas of the Company and its subsidiaries are primarily Mainland China, Hong Kong, Malaysia, the United States, and Taiwan. The main sales areas are distributed as follows:

Unit: NTD thousand

Region	Amount	Ratio (%)
1. Mainland China	11,949,640	47
2. Hong Kong	5,021,408	22
3. Malaysia	3,865,480	15
4. The United States	1,838,052	7
5. Others	2,959,678	11
Total	25,634,258	100

2. Market share, future market supply, demand status, and growth

(1) Cables and Connectors

The global cable and connector market is showing a growing trend due to the rise of the electric vehicle and digital medical care industries. The global clients have also increased their production customization strengths for wire harnesses due to product diversification and production automation demands. Pan-International has actively engaged in product transformation in recent years by focusing on wire harness development in the health care, automotive multimedia electronics, green energy, industrial application, and Cloud communications industries. From 2020 to 2021, Pan-International has transcended its original wire harness manufacturing and wire harness connector assembly role to become an overall solutions provider for wiring harness connectors in various fields.

Due to the vigorous development of new energy vehicles and the continuous strong export of new energy vehicles, the vehicle wiring harness business in China has grown rapidly in 2023, and the climbing speed is bound to slow down in 2024. Looking into the development in the second half of 2024, with the increasing popularity of smart automotive equipment and in-vehicle systems, as well as the demand for automotive batteries, the shipment of related high-frequency and high-speed connectors and connecting wires and battery wire harnesses will increase slightly. The external connection cables for medical instruments, medical wiring harness products, and the relevant connecting wires for industrial control smart motors. The shipment ratio for these product lines will continue to increase as the trend develops due to the long life-cycle for the related products and stable shipments.

(2) Electronic Manufacturing Service

According to the forecast by Technology Forecasters, the EMS market is growing rapidly at a compound annual growth rate of 7% each year. The service items offered by general EMS providers are divided 3 main categories: printed circuit board assembly, semi-finished product assembly, and system assembly. As the electronics industry has a tendency to gradually outsource part or all of the manufacturing processes, the service contents provided by the electronic manufacturing service industry have become more diversified. EMS providers provide serves to a wide range of electronic products from network communications to computer peripherals, from medical equipment to mobile phones, and from motherboards to notebook computers. EMS providers accepts commissions from clients to provide professional production and process services in accordance with actual production needs.

In the future, EMS manufacturers will no longer simply provide manufacturing foundry and must be flexible in order to provide integrated service functions, including:

(a) Rapid technical solutions: Assist customers in solving technical problems from concept, product molding, to mass production.

(b) Effective supply chain integration: Establish a procurement and logistics center to obtain low-cost and high-quality components, prevent raw material shortage, accelerate inventory turnover, and increase capacity utilization to ensure rapid delivery to clients.

(c) Stable production and operation: Provide rapid new product introduction to shorten product development time, and assist mass production maximization for the product.

(d) Global logistics services: The overseas and Mainland Chinese production bases as well as the rapid service structure can provide timely product development services and avoid international geopolitical interference.

(3) PCB Products

In the terminal application of PCB, communication electronics, automotive and consumer electronics have become the three major PCB application fields. The future development of each application is explained as follows:

In terms of communication electronics, the continuous development of 5G communication drives the long-term and stable development of the PCB market. The 5G environment drives the demand for PCB to increase. The PCB demand in the communication field is divided into communication equipment and mobile terminals. The PCB demand for communication equipment mainly includes multi-layer boards. The PCB demand for mobile terminals mainly includes HDI boards, flexible boards and packaging substrates. The development of emerging businesses accelerates, from which high-frequency and high-speed PCB boards benefit significantly. Entering the 5G era, the number of communication frequency bands has increased, and the requirements for parameters, such as transmission rate and dielectric loss, are higher. The application frequency of regular copper clad laminates is below 1GHz, while 5G communication equipment requires the communication frequency to reach 5GHz or above 20GHz, and the theoretical transmission rate to reach 10-20Gbps. The requirements for PCB are greatly raised, and 5G PCB process technology is moving towards space-saving, high heat dissipation, high frequency, and high-speed development. As the range of 5G applications expands, business applications such as mobile high-definition video, vehicle-to-everything, and AR/VR will be rolled out. There will be higher demands on data processing and switching, which will bring new growth momentum to high-frequency and high-speed PCB boards.

In terms of automobiles, the market share of new energy vehicles is increasing, and the process of automobile electrification is accelerating. The market share of new energy vehicles is growing rapidly. The advantages of electric vehicles are prominent, and the market share is increasing year by year. The full-electric platform has become the main choice for domestic and foreign automobile manufacturers due to its advantages of long battery life, vehicle space, control, safety, and intellectualization. From 2018 to 2022, the global sales of electric vehicles have developed by leaps and bounds, from 2 million units in 2018 to more than 10 million in 2022, and the market share has increased from 2.5% to 14%. The wave of electrification is gradually growing from a single market to the globe. Smart driving is leading the new trend of the industry, which brings new opportunities for automotive PCBs. ADAS mainly uses PCBs in the sensing end and various functional control units. The sensing end mainly includes sensors such as LIDAR, millimeter wave radar, camera, and ultra-sonic radar. The functional control unit includes the driver assistance and self-driving control unit, adaptive cruise system, blind spot monitoring, automatic parking, and driver drowsiness detection. Due to the continuous improvement of automotive safety standards in various countries, the active safety technology of Advanced Driver Assistance System (ADAS) has been developing rapidly in recent years. Due to its 24/7 operation, automotive millimeter-wave radar has become a mainstream choice for automotive electronics manufacturers and has a huge market demand. PCB is an important part of millimeter wave radar, and thus its broad demand. The automotive PCB certification cycle is long, and the entry threshold is high. However, after certification by the car manufacturer, good customer cohesion can bring stable revenue growth. The Company has the R&D capability needed to continue to enhance the design and development of automotive PCBs and has obtained the IATF16949 certification. The Company will take this opportunity to develop and introduce the Group's electric vehicle products, and expand the proportion of automotive PCBs in the Company's products.

Consumer electronics include digital devices (such as mobile phones, computers, photography equipment, etc.), learning hardware (such as dictionary pens, translation pens, etc.), and wearable devices. Although consumer electronic products such as smartphones and tablet computers have entered the stock era, the 5G communication technology and the continuous mobile phone component upgrades have brought a replacement boom. With the continuous development of AI and the IoT, the integration of software and systems has transcended the boundaries of device connection to drive the continuous growth of the smart home appliance, smart wearable, and entertainment device markets. We can anticipate a growth in the consumer electronics PCB market.

Cloud computing also drives the demand for data center construction. In the data center construction cost structure, servers and network equipment account for a relatively high proportion of about 80% of the total cost. The increase in data center investment spending will drive the growth of network equipment, server shipments, and further boost the prosperity of the server PCB industry. After the server platform is upgraded, the corresponding PCB material upgrade + layer number + process complexity will raise, and the value of PCB is expected to increase.

In sum, PCB has almost penetrated into all terminal fields of the electronics industry. As the new generation information technology advances, the use and market of PCB products will continue to expand in the future. With the growth of residents' income; the expansion of domestic demands; consumption structure upgrades; and industrial development for computers, communication equipment, consumer electronics, etc.; the development and upgrading of new products will bring a broader market space for the PCB industry.

3. The advantages, disadvantages, and countermeasures of competitive niche and development vision
   (1) Favorable factors
      A. A number of high-precision SMT production lines have been constructed, which can significantly improve SMT production efficiency and yield while helping to drastically reduce manufacturing costs.
      B. The manufacturing units of the Mainland China plant have implemented localization to improve personnel training efficiency and the overall management team performances.
      C. The global marketing system integration and division of labor has completed, which can enhance the synergy of global customer service and marketing information collection.

D. At present, the Company's current financial health is sound and can fully support and implement global operations and investment activities.

E. All of the plants have passed the IATF-16949 and ISO-13485 certifications, and have established a firm foothold in the automotive and medical fields.

F. The Chinese government has set PCB as a strategic, basic, and leading pillar industry for key national development. China is expected to actively promote the development of subsidy-related products during its 14th Five-Year Plan, which is conducive to the local development of PCB.

G. PCB downstream application industries such as automotive electronics, 5G communications, smartphones, Internet of Things, and Cloud computing are expected to flourish as the world move towards digitalization and carbon neutrality. This will also increase demand for PCB products.

H. We have completed all aspects of the PCB self-production processes, improved the independent capacity of the processes, and implemented automation upgrades for our production equipment and technology by introducing/developing rigid-flex boards, automotive boards, and other products in order to keep up with the pace of change in the industry and strengthen our independent competitiveness.

(2) Unfavorable factors

A. The life cycle of consumer electronics products is fast, and is affected by the uncertainty of the overall economic environment and the business cycle recovery. This resulted in a conservative wait-and-see mentality at the beginning, but quickly place irrational orders as soon as demand is exhibited. The situation shows low certainty about the real demand in the future.

B. Although the demand for automotive wiring harness continues to grow, a risk of peaking is present.

C. Semiconductor ICs as well as active and passive components have often encountered temporary shortages in recent years, resulting in supply chain management and control risks.

D. The price of raw materials continues to rise, which directly erodes product gross profit.

E. The diversification and life cycle of consumer electronic products are getting increasingly shorter, resulting in the low volume and high customization product trend.

F. Due to the China-US trade and other international geographical factors, many orders from the United States are moving to Southeast Asia or other regions for production. The competition in China's domestic demand market is becoming more intense.

G. the requirements for high-density and high-performance PCBs are increasing in response to the gradual thinning and miniaturization of electronic products. More resources must be invested to improve manufacturing technology and meet customer demands.

H. Thermal management: With the increase of component density, PCB generates more heat. Therefore, future PCB design needs to consider more effective thermal management methods, such as heat sinks and heat pipes.

I. The Chinese government has set annual energy conservation and emission reduction targets. The increasingly stringent environmental protection requirements aimed at promoting the healthy development of the industry will bring certain cost pressures to enterprises.

(3) Response measures

A. Speed up new product development and increase product gross profit margin in niche product application fields such as wire harnesses and connectors.

B. Introduce automated production equipment and testing equipment, optimize medical workshops, and improve production efficiency and product quality.

C. Expand the production scale of overseas factories in Southeast Asia, reduce production costs, and diversify geopolitical risks.

D. Actively adjust the 5 major business strategies: enterprise production, sales, R&D, finance, and human resources. Fundamentally strengthen the overall corporate competitiveness, strengthen the Company's intangible assets and core competitiveness, and widen the gap from competitors.

E. In terms of important raw materials, use effective supply chain strategies to strive for reasonable costs, adjust the raw material stock inventory in a timely and appropriate manner, and reduce the impact from rising pressures on raw materials.

F. Actively build a green supply chain to create a resource-conservation and environment-friendly green manufacturing system for procurement, production, marketing, recycling, and logistics. In terms of main raw materials, adopt the quantity-based pricing principle and appropriately adjust inventory in a timely manner in order to reduce the impact of rising pressure on raw material prices.

G. Continue to evaluate and introduce advanced PCB manufacturing equipment, cultivate more R&D and professional talents, maintain a rigorous and solid work attitude, and cultivate a humble learning spirit to narrow the technological gap with advanced enterprises and enhance competitiveness.

H. The PCB factory will continue to monitor the environmental protection indicators required by the government and maintain good communication with relevant government departments. It will also consider the return on investment to achieve the cost reduction objectives and increase efficiency by introducing the relevant equipment.

I. Maintain the image of corporate integrity management, protect the environment, care for the community, and establish a sustainable business model.

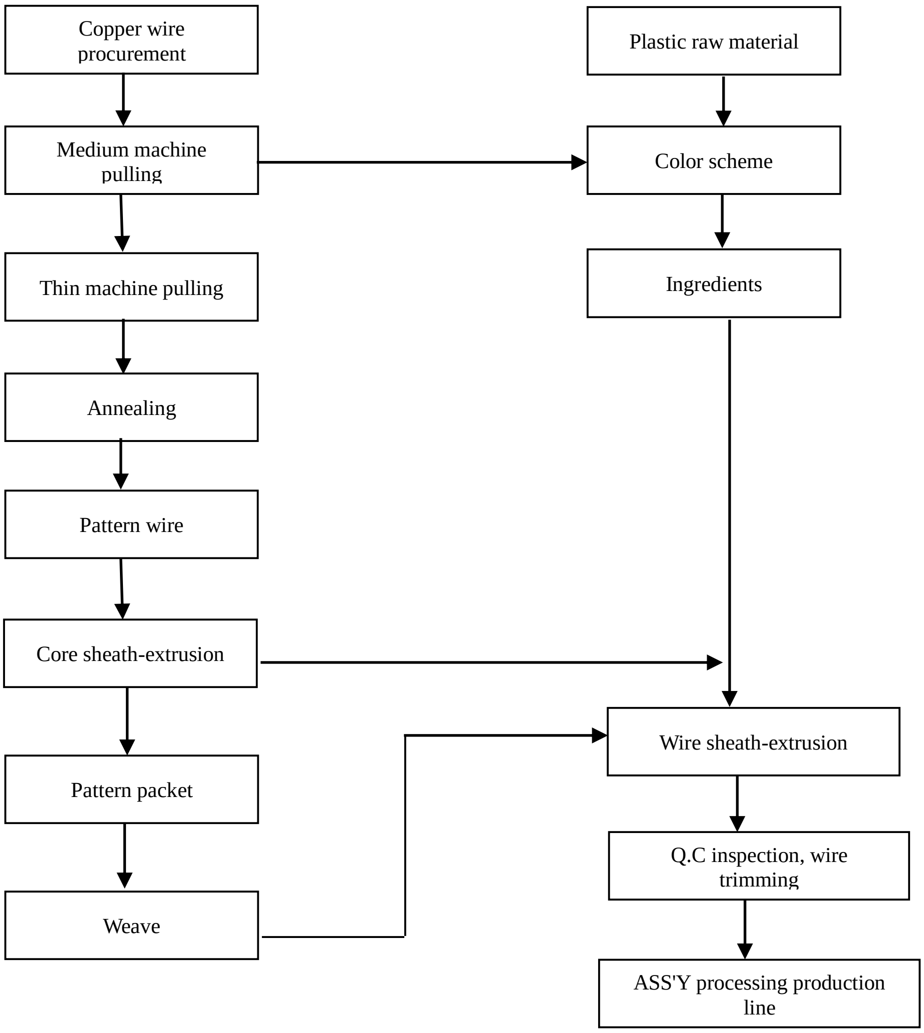
(II) Important Purpose and Production Process for Main Products

(1) Important purpose for main products

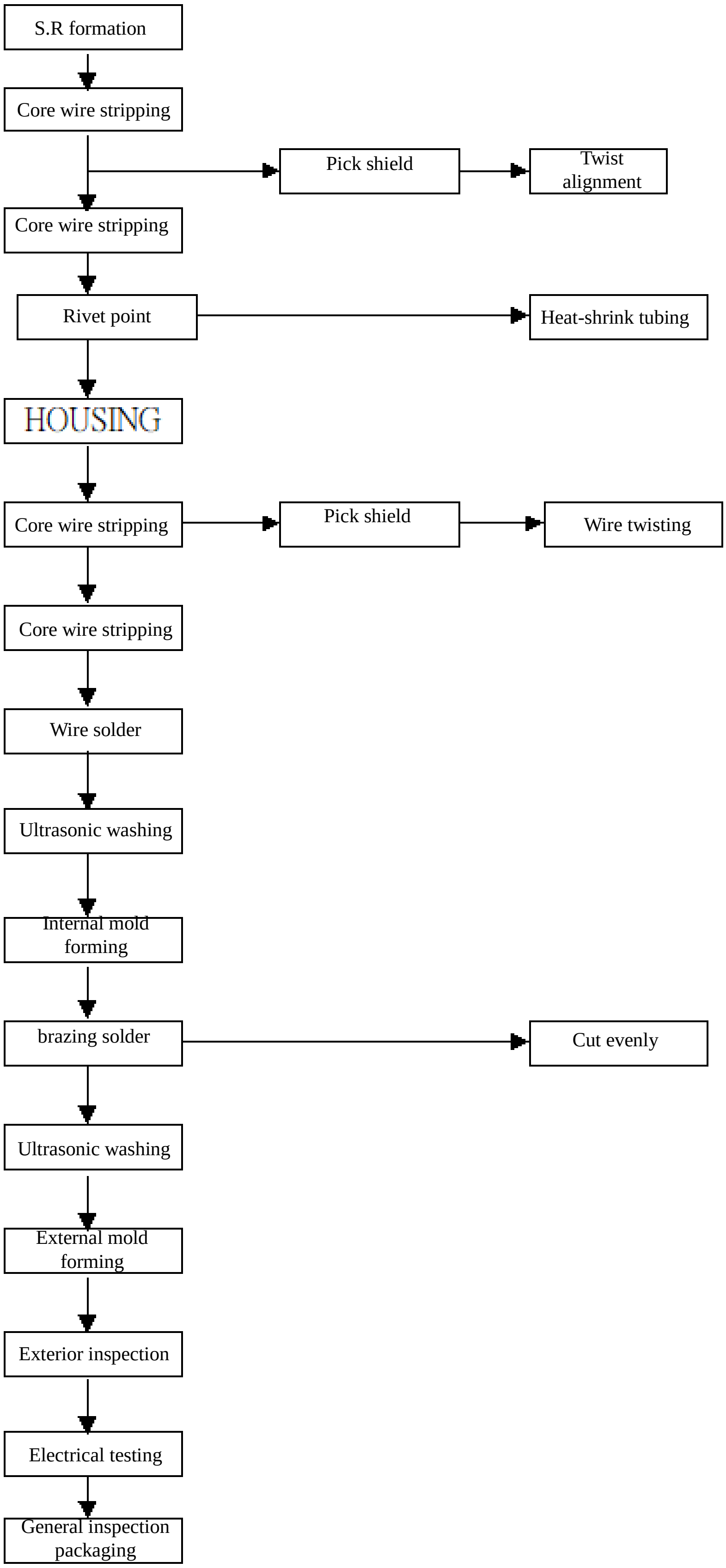
Main products	Important purpose
1. Raw Cables	Applicable to electronic signal transmission by monitors, photocopiers, and other computer peripheral products, computer systems, communication systems, and networks.
2. Connectors	Various connectors between computers, communication systems, home appliances, office equipment, and other systems.
3. Cable Assembly	Connection cables with connectors that are suitable for electronic signal transmissions between wearable portable devices, computer systems, peripheral products, medical equipment connections, high and low voltage automotive wiring harnesses, and automotive electronic multimedia wiring harnesses.
4. Electronic Manufacturing Service	OEM products for information, communication, consumer industrial, or medical industries include Bicycle GPS Meters Industrial control products, IP camera, HUB accessory Docking Stations, Beacon, Alcohol Testers, Motion Controllers, Coagulation Factor Testers, and other devices.
5. Computer peripheral products and parts	PCBs for computer communication equipment, devices that require professional foundry for electronic circuit board surface adhesion technology, and mobile phone related accessories.
6. Printed circuit board (PCB)	Optoelectronic products such as game consoles, monitors and TVs, smart speakers, mobile phones, communication products, PC motherboards, automotive electronics, and other rigid and HDI PCBs.

(2) Production process for main products

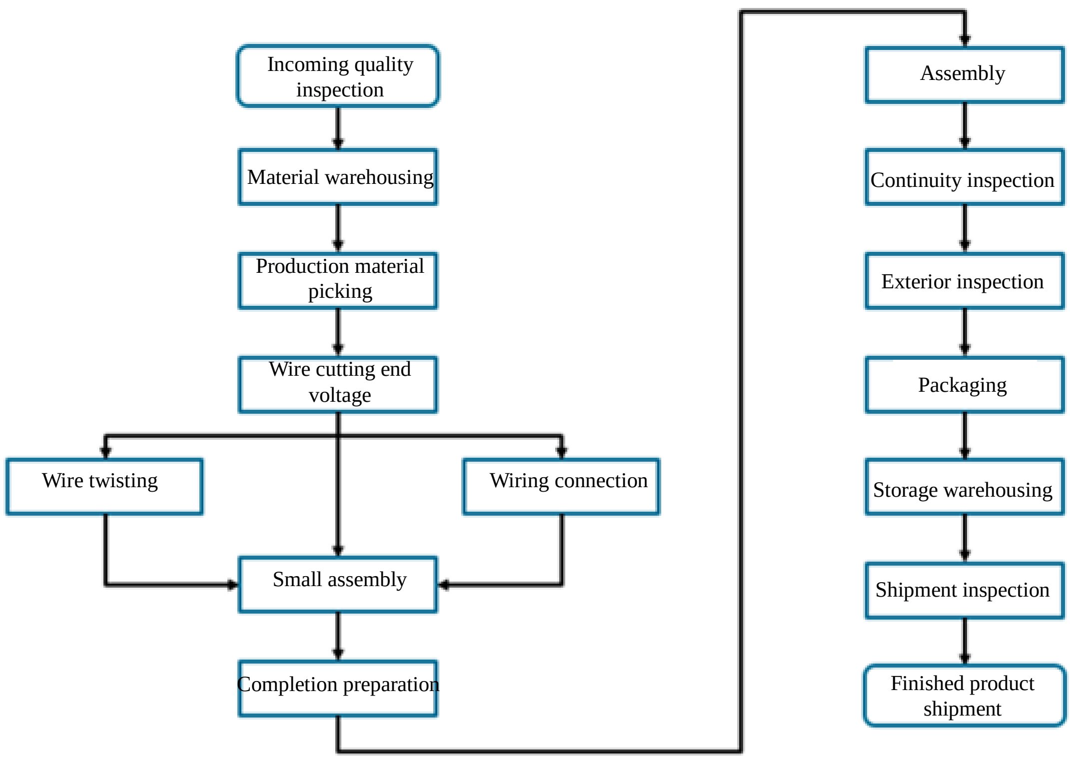
1. Wire production process



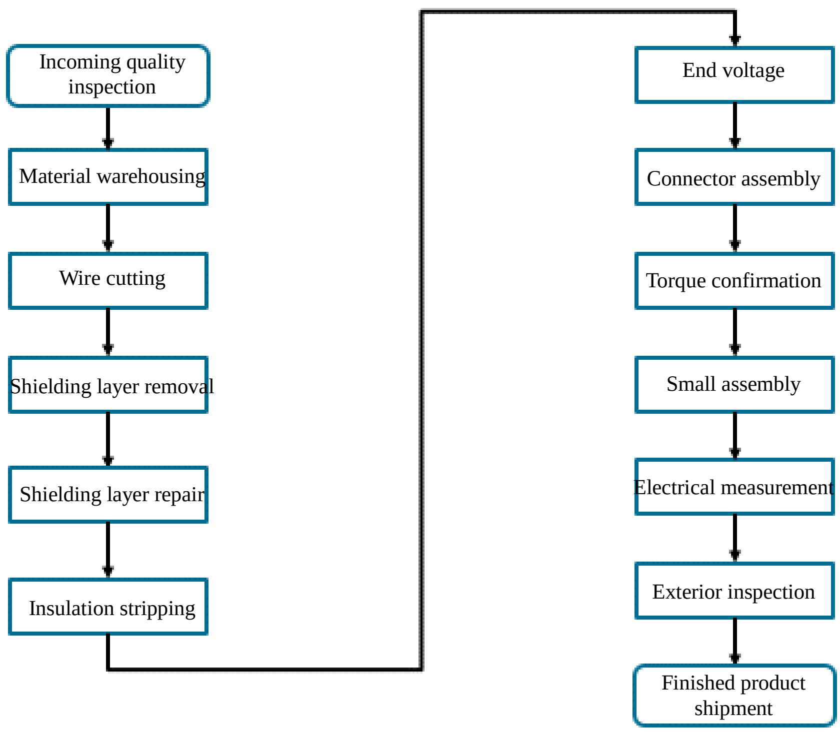
2. Connection line production process



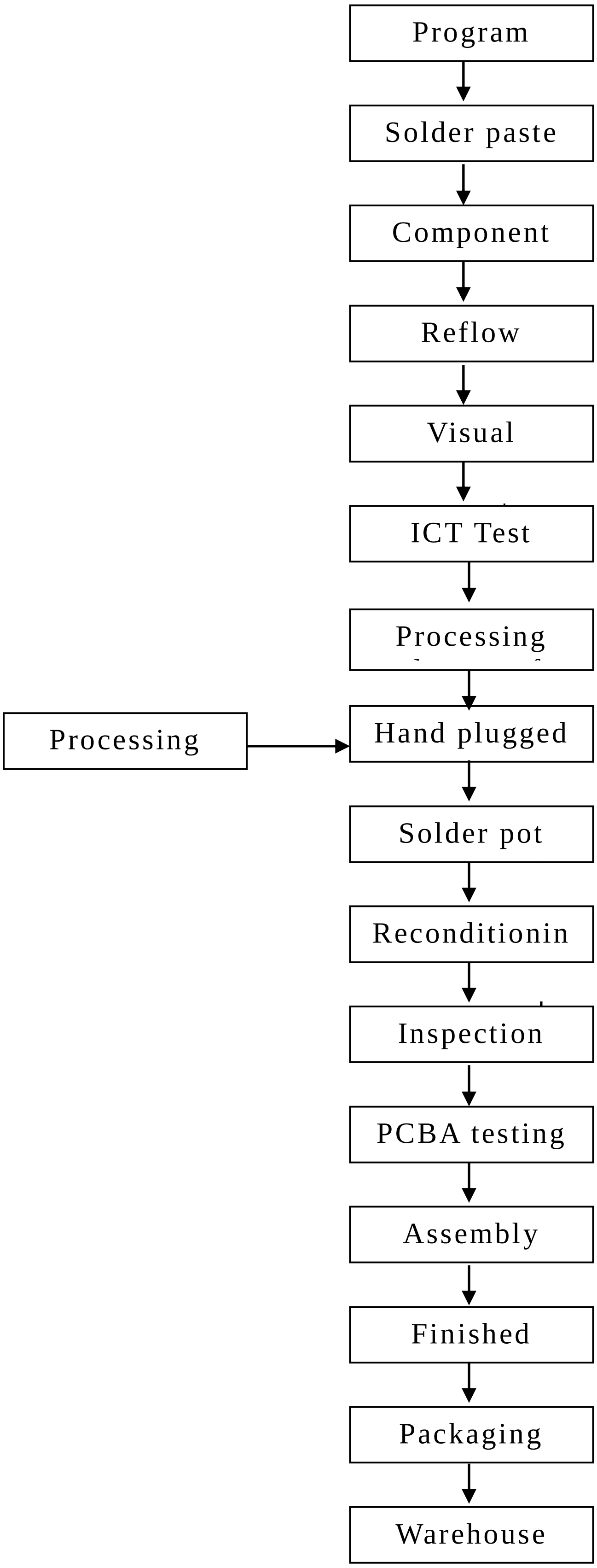
3. Automobile low-voltage wiring harness production process



4. Automobile high voltage wiring harness production process

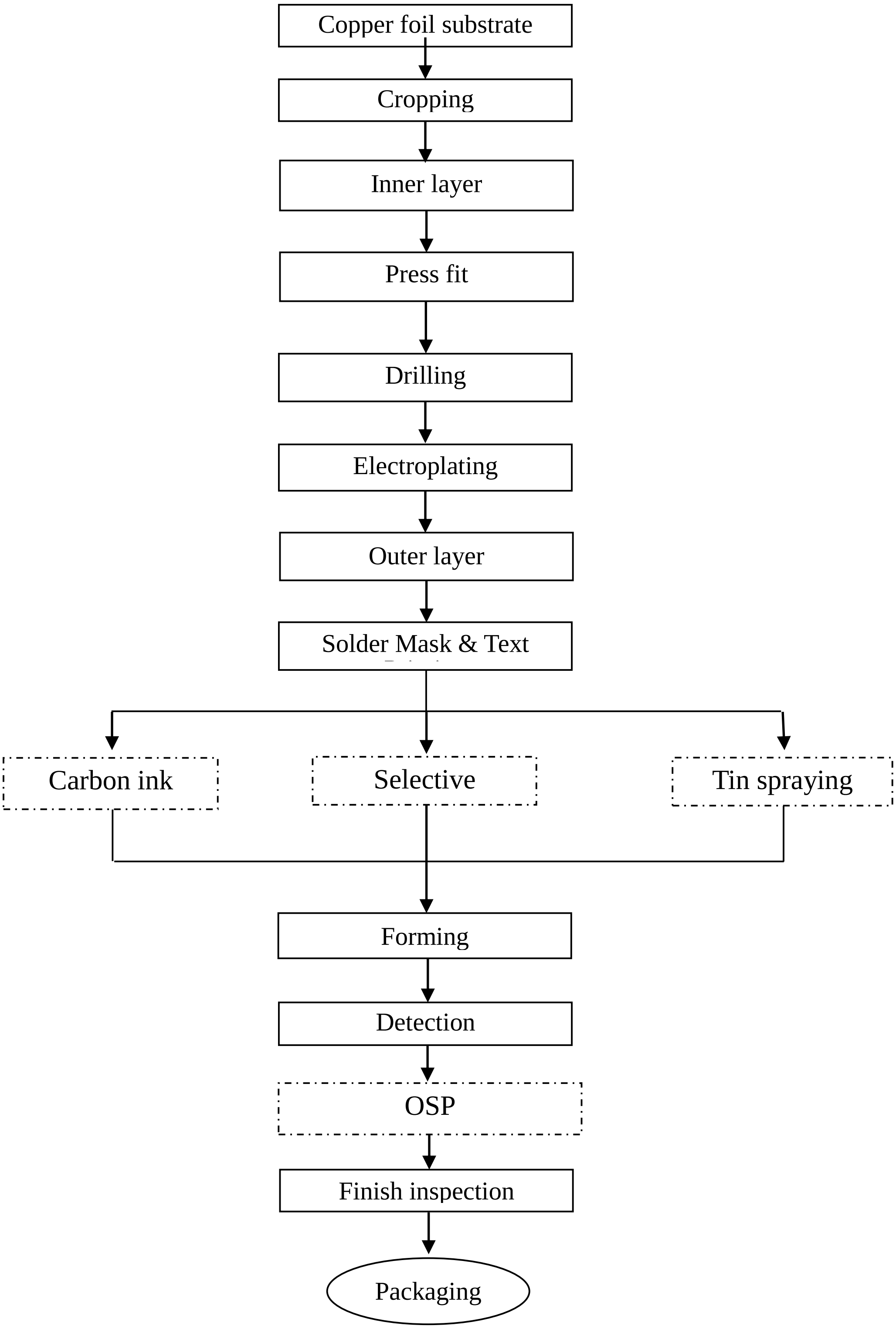


5. Computer peripheral products and parts turnkey processing flow



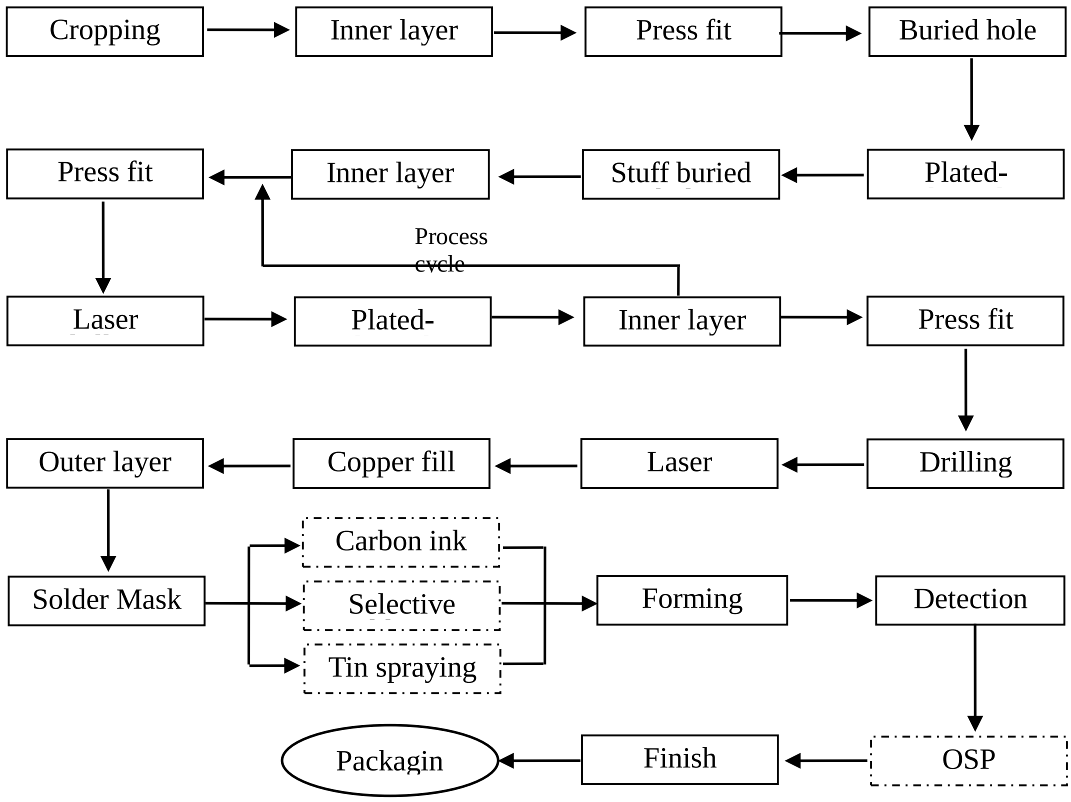
6. PCB manufacturing process

6.1 Traditional board



Remark: The dashed box is optional process (subject to customer requirements)

6.2 HDI board



Remark: The dashed box is optional process (subject to customer requirements)

(III) Main raw material supply status

The main raw materials for the Company's products are supplied by world-renowned manufacturers such as domestic Hon Hai, Formosa Plastics, and other big manufacturers; which provide good quality that conforms to international standards. Since the Company has established good supply-demand partnerships with its suppliers, it is able to obtain good supply price and delivery conditions.

Company's main raw material supply status

Main raw material	Supply status
Copper wire	Contracts are signed with domestic manufacturers to provide stable supply at a more favorable price.
Plastic granules & powder	Priority is given to domestic manufacturers with shorter delivery periods.
Terminal	Normal supply by domestic manufacturers.
Connectors	Supply by domestic and foreign manufacturers.
Metal & plastic parts	Normal supply by domestic manufacturers.
Electronics components	Supply by domestic and foreign manufacturers.

(IV) Customers who have accounted for over 10% of total purchases (sales) in any one of the most recent two years.

Major Suppliers Information for the Last Two Years

Unit: NTD thousand

	2022				2023			
Item	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the Issuer
1	Hon Hai Precision Industry Co., Ltd. and subsidiaries	2,524,393	13	Investment companies evaluated using the equity method of the Company	Hon Hai Precision Industry Co., Ltd. and subsidiaries	2,856,395	16	Investment companies evaluated using the equity method of the Company
2	Manufacturer A	2,462,948	13	None.	--	--	0	--
	Others	13,988,683	74	--	Others	15,295,238	84	--
	Net purchase amount	18,976,024	100	--	Net purchase amount	18,151,633	100	--

Note: As of the publication date of this annual report, there is no 1st quarter financial information that has been verified by a CPA.

Increase / decrease fluctuation analysis:

Based on the Company's business, raw material need, and coast consideration results.

Major Customers Information for the Last Two Years

Unit: NTD thousand

	2022				2023			
Item	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the Issuer	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the Issuer
1	Hon Hai Precision Industry Co., Ltd. and subsidiaries	7,113,019	27	Investment companies evaluated using the equity method of the Company	Hon Hai Precision Industry Co., Ltd. and subsidiaries	5,742,428	22	Investment companies evaluated using the equity method of the Company
	Others	19,144,321	73	--	Others	19,891,830	78	--
	Net sales amount	26,257,340	100	--	Net sales amount	25,634,258	100	--

Note: As of the publication date of this annual report, there is no 1st quarter financial information that has been verified by a CPA.

Increase / decrease fluctuation analysis:

Due to changes in market trends, customer product demand, and other reasons.

(V) Production Value Table for the Last Two Years

Production Value Table for the Last Two Years

Unit: NTD Thousand / 1000 unit, 1000 kg, or 1000 PCS

Year / Production volume & value / Main Products (or department type)	2022			2023		
	Production Capacity	Output Yield	Output Value	Production Capacity	Output Yield	Output Value
Consumer Electronics / Computer Peripherals	--	294,066	11,614,231	--	318,183	10,466,249
Electronics Components Manufacturing & Assembly	--	--	8,345,621	--	--	7,190,153
Total	--	294,066	19,959,852	--		17,656,402

Note: The quantity and production capacity cannot be calculated because manufacturing and assembly of electronic components have different measurement units.

(VI) Sales Volume & Value Table for the Last 2 Years

Sales Volume & Value Table for the Last 2 Years

Unit: NTD Thousand / Sq ft PC/KSET

Year / Sales Volume & Value / Main Products (or department type)	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronics Components Manufacturing & Assembly	--	234,826	--	14,572,926	--		--	15,202,555
Consumer Electronics / Computer Peripherals	2,338	60,092	264,569	11,389,496				10,238,589
Total	2,338	294,918	264,569	25,962,422				25,441,144

Note: The quantity and production capacity cannot be calculated because manufacturing and assembly of electronic components have different measurement units.

III. Working staff

Information of employees in the most recent 2 years and as of the publication date of this annual report.

Year		2022		2023		As of March 31, 2024	
		The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Number of Employees	Working Staff	68	3,712	63	2,001	63	1,995
	Operating staff	0	4,138	0	6,898	0	6,510
	Total	68	7,850	63	8,899	63	8,505
Average age		39.30	50.38	49.19	38.81	50.42	39.3
Average service tenure		8.20	16.55	14.95	7.99	16.71	8.29
Education distribution ratio	Doctoral degree	--	--	--	--	--	--
	Master's degree	14.71	0.48	15.87	0.47	14.29	0.45
	College	70.59	20.62	73.02	18.92	74.60	19.56
	High school	11.76	22.15	9.52	14.55	9.52	15.61
	Lower than high school	2.94	56.75	1.59	66.05	1.59	64.37

IV. Information on environmental protection expenditure

The total amount of losses (including compensation) and dispositions suffered due to environmental pollution, future countermeasures (including improvement measures), and possible expenditures (including the estimated amount of losses, dispositions and compensation that may occur if no countermeasures are taken, and please state the facts why the case cannot be reasonably estimated if it cannot be reasonably estimated) in the most recent year and as of the printing date of the annual report): The Company has no such situation.

In order to increase the usage rate of green power and reduce carbon emissions, the Company has planned and successively installed solar power generation in various plants in China and Southeast Asia. The estimated total investment amount is about NT$940 million. Dongguan and Yantai plants have completed part of the solar power installation. We will gradually achieve the planning and goal of carbon reduction in energy. With respect to the discharge and recycling of wastewater and waste, each plant has obtained local discharge permits, and all discharges have also complied with discharge regulations, and thus there is no pollution. At the same time, for the recovery and reuse of raw materials and production resources, the manufacturing department is also actively investing in improvements to reduce consumption and costs, enhancing product competitiveness. In term of environmental protection requirements for special regions such as the European Union's environmental protection directives (i.e., RoHs 2.0), the Company has also formulated the relevant internal provisions and testing standards in order to meet customer demands for compliance with regional environmental protection regulations. Regarding the UN’s Conflict-Free Minerals Initiative, the Company has made a "Conflict Minerals Policy Declaration" to ban the procurement and use of "conflict minerals" mined in the Democratic Republic of the Congo and surrounding countries and regions.

The Environmental Protection Department of the headquarters use external consultants to review the setting of various environmental protection indicators, while taking into account the products and regional differences of each plant. Furthermore, environmental protection and emission reduction indicators are established with an annual budget created to gradually achieve the target which is disclosed to the public in a timely manner. By doing this, we can respond to stakeholders and provide information transparency. In addition, through the Procurement Department, all suppliers are required to comply with commitments on product substance content declaration and environmental protection in order to fulfill their responsibilities.

In the future, we will continue to enhance the environmental awareness of employees and the supply chain system, maintain pollution-free operations, and fulfill corporate social responsibility. Environmental protection expenditures will also be appropriately adjusted according to the annual budget status and practical needs. Please refer to the Company website and sustainability report for information on environmental protection.

V. Labor Management Relations

(I) Current important labor-management agreements and implementation status:

1. Employee welfare measures, further education and training;

   The Company has established an Employee Welfare Committee with members elected by employers and employees and has organized various activities regularly. The Company has also issued souvenirs and bonuses during the three major festivals and Labor Day, organized employee trips and health checks every year, provided free accommodations from foreign counties and cities, encouraged employees to take external studies, and held education training on an irregular basis. The Company also provides group insurance for employees.

2. Retirement system and implementation status:

   (1) Pursuant to the "Labor Standards Act," the Company has established a retirement pension method, which is applicable to the tenures of all regular employees before the "Labor Pension Act" went into effect on July 1, 2005 as well as the continual service tenures for those who have elected to apply the "Labor Standards Act" after the "Labor Pension Act" went into effect. According to the regulations, seniority shall be calculated from the date of employment. For each employee, two bases are given for each full year of service rendered for the first 15 years. But for the rest of the years starting from the 16th year, one base is given for each full year of service rendered (half of a base is given for each full year of service rendered prior to the implementation of the Labor Pension Act). The length of service is calculated as half year when it is less than six months, and as one year when it is over six months (not calculated prior to the implementation of the Labor Pension Act). The total number of bases shall not exceed 45. The employee retirement pension payment shall be calculated based on the length of service and the average salary until six months prior to the approved retirement. In addition, employees of the Company whose total age plus service years exceed or are equal to 55 can also apply for preferential retirement with the Company. The Company has established its Pension Supervision Committee in accordance with Taipei County Government approval letter (1988) Fu-Lao-Yi-Zi No. 272020 dated August 31, 1988; allocated the labor retirement reserve into a special account in Bank of Taiwan based on 6% of the total salary paid; promoted referential retirement projects for employees on an irregular basis; and report the status via letters to the competent authority for reference. The Company also provides group insurance for employees.

   (2) 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. The Company has applied the labor pension system stipulated by the "Labor Pension Act" to allocate 6% of the salary to the employee's personal account held by the Bureau of Labor Insurance.

3. Other important agreements:

The Company's labor and management agreements when an employee enters the Company are based on the Labor Standards Act in principle and in accordance with the personnel management provisions so as to protect the rights and interests of employees.

(II) The losses suffered due to labor disputes in the most recent year and up to the publication date of this annual report: None.

VI. Information Security Management:

(I) Cybersecurity risk management framework, cybersecurity policy, specific management plan, and resources invested: In 2023, the Company's Board of Directors approved the establishment of an information security team under the Information Department made up with employees of the Information Department. The team sets zero incidents information security incidents as the policy goal, and formulates control systems and plans related education and training to enhance employees' information security awareness.

(II) List the losses, possible impacts, and countermeasures due to major information security incidents in the most recent year and as of the publication date for this annual report. If it cannot be reasonably estimated, state why it cannot be reasonably estimated: None.

VII. Important Contract: None.

Six. Financial Overview

I. Condensed Balance & Comprehensive Income Statement for the Last five Years

Condensed Balance & Comprehensive Income Statement Information

1. Condensed Balance Sheets - Consolidated

Unit: NTD thousand

Item \ Year		Financial Analysis Information for the Last five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		15,839,869	15,167,544	18,307,396	19,250709	17,709,701
Property, plant, and equipment		1,682,528	1,670,684	2,152,912	2,686,495	2,817,342
Intangible asset		37,142	36,963	36,218	37,072	53,672
Other assets		136,285	108,123	143,240	458,423	610,526
Total Assets		21,687,782	20,697,624	24,322,424	25,404,503	24,397,209
Current liability	Before distribution	8,588,925	7,450,391	9,832,739	10,172,734	8,587,612
	After distribution	9,107,271	7,787,316	10,351,085	10,898,419	Note 2
Non-current liabilities		520,923	440,939	395,770	462,402	461,388
Total liabilities	Before distribution	9,109,848	7,891,330	10,228,509	10,635,136	9,049,000
	After distribution	9,628,194	8,228,255	10,746,855	11,360,821	Note 2
Equity attributable to owners of the parent company		10,958,812	11,165,789	12,411,342	12,899,065	13,406,397
Share capital		5,183,462	5,183,462	5,183,462	5,183,462	5,183,462
Capital surplus		1,503,606	1,503,606	1,503,606	1,503,606	1,503,606
Retained earnings	Before distribution	5,584,018	5,828,445	6,796,708	7,597,205	8,130,064
	After distribution	5,065,672	5,491,520	6,278,362	6,871,520	Note 2
Other equities		(1,312,274)	(1,349,724)	(1,072,434)	(1,385,208)	(1,410,735)
Treasury shares		0	0	0	0	0
Non-controlling interests		1,619,122	1,622,505	1,682,573	1,870,302	1,941,812
Shareholders' Equity Total Amount	Before distribution	12,577,934	12,788,294	14,093,915	14,769,367	15,348,209
	After distribution	12,059,588	12,451,369	13,575,569	14,043,682	Note 2

Note 1: The preceding annual financial statements have been verified by CPAs.

Note 2: As of April 8, 2024, the 2023 surplus distribution has yet to be approved by the shareholders meeting.

Note 3: As of the publication date of this annual report, there is no 2024 first quarter financial statement information that has been verified by a CPA.

2. Condensed Statements of Comprehensive Income - Consolidated

Unit: NTD thousand

Item \ Year	Financial Analysis Information for the Last five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	25,600,708	20,547,713	24,226,194	26,257,340	25,634,258
Operating profit margin	2,359,199	2,144,695	2,649,150	3,279,736	3,175,165
Operating profit & loss	1,194,408	924,798	1,382,205	1,821,232	1,601,467

Non-operating income and expense	335,702	268,468	167,220	235,201	240,325
Net income before tax	1,530,110	1,193,266	1,549,425	2,056,433	1,841,792
Profit and loss of the period for subsisting business units	0	0	0	0	0
Loss from closed business units	0	0	0	0	0
Net income for the period (loss)	1,153,137	790,495	1,162,597	1,566,399	1,489,833
Other comprehensive profit (loss) for the current period (net after tax)	(452,321)	1,767	503,389	(214,222)	(105,052)
Total comprehensive income in the current period	700,816	792,262	1,665,986	1,352,177	1,384,781
Net profit attributable to the owners of the parent company	1,029,323	663,190	967,232	1,322,290	1,256,710
Net profit attributable to non-controlling interests	123,814	127,305	195,365	244,109	233,123
Net total comprehensive profit and loss attributable to the owners of the parent company	596,651	725,323	1,581,837	1,016,064	1,233,017
Total comprehensive profit and loss attributable to non-controlling interests	104,165	66,939	84,149	336,113	151,764
Basic earnings (loss) per share (NTD)	1.99	1.28	1.87	2.55	2.42

Note: All the annual financial statements listed above have been verified by a CPA, and as of the publication date of this annual report there is no 2024 first quarter financial statement information that has been verified by a CPA.

3. Condensed Balance Sheets - Parent Company Only

Unit: NTD thousand

Item \ Year		Financial Analysis Information for the Last five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		5,819,114	4,386,760	5,690,312	5,554,963	4,214,446
Property, plant, and equipment		19,704	18,788	17,980	17,918	17,776
Intangible asset		0	0	0	0	405
Other assets		38,842	27,699	66,725	98,440	513,311
Total Assets		16,193,436	14,954,952	17,219,568	17,681,597	16,118,653
Current liability	Before distribution	5,060,438	3,624,232	4,629,312	4,571,946	2,485,451
	After distribution	5,578,784	3,961,157	5,147,658	5,297,631	Note 2
Non-current liabilities		174,186	164,931	178,914	210,586	226,805
Total liabilities	Before distribution	5,234,624	3,789,163	4,808,226	4,782,532	2,712,256
	After distribution	5,752,970	4,126,088	5,326,572	5,508,217	Note 2
Equity attributable to owners of the parent company		-	-	-	-	--
Share capital		5,183,462	5,183,462	5,183,462	5,183,462	5,183,462
Capital surplus		1,503,606	1,503,606	1,503,606	1,503,606	1,503,606
Retained earnings	Before distribution	5,584,018	5,828,445	6,796,708	7,597,205	8,130,064
	After distribution	5,065,672	5,491,520	6,278,362	6,871,520	Note 2
Other equities		(1,312,274)	(1,349,724)	(1,072,434)	(1,385,208)	(1,410,735)

Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Shareholders' Equity	Before distribution	10,958,812	11,165,789	12,411,342	12,899,065	13,406,397
Total Amount	After distribution	10,440,466	10,828,864	11,892,996	12,173,380	Note 2

Note 1: The preceding annual financial statements have been verified by CPAs.

Note 2: As of April 8, 2024, the 2023 surplus distribution has yet to be approved by the shareholders meeting.

Note 3: As of the publication date of this annual report, there is no 2024 first quarter financial statement information that has been verified by a CPA.

4. Condensed Comprehensive Income Statements - Parent Company Only

Unit: NTD thousand

Year / Item	Financial Analysis Information for the Last five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	17,288,805	12,132,878	12,351,637	11,756,687	9,259,899
Operating profit margin	632,617	606,495	836,873	608,316	716,045
Operating profit & loss	456,390	451,231	676,090	448,190	552,601
Non-operating income and expense	697,931	307,484	470,657	1,045,140	854,112
Net income before tax	1,154,321	758,715	1,146,747	1,493,330	1,406,713
Profit and loss of the period for subsisting business units	0	0	0	0	0
Loss from closed business units	0	0	0	0	0
Net income for the period (loss)	1,029,323	663,190	967,232	1,322,290	1,256,710
Other comprehensive profit (loss) for the current period (net after tax)	(432,672)	62,133	614,605	(306,226)	(23,693)
Total comprehensive income in the current period	596,651	725,323	1,581,837	1,016,064	1,233,017
Net profit attributable to the owners of the parent company	0	0	0	0	0
Net profit attributable to non-controlling interests	0	0	0	0	0
Net total comprehensive profit and loss attributable to the owners of the parent company	0	0	0	0	0
Total comprehensive profit and loss attributable to non-controlling interests	0	0	0	0	0
Basic earnings (loss) per share (NTD)	1.99	1.28	1.87	2.55	2.42

Note: All the annual financial statements listed above have been verified by a CPA, and as of the publication date of this annual report there is no 2024 first quarter financial statement information that has been verified by a CPA.

II. Financial Analysis for the Last Five Years

(1) Consolidated Financial Analysis (Adopting International Financial Reporting Standards)

Analysis items \ Year		Financial Analysis Information for the Last 5 Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-to-asset ratio	42.00	38.16	42.05	41.86	37.09
	The ratio of long-term funds to real estate, plant, and equipment	747.56	765.45	654.64	549.76	544.78
Solvency (%)	Current ratio	184.42	203.58	186.19	189.24	206.22
	Quick ratio	152.87	175.03	134.12	149.72	160.65
	Interest coverage ratio	28.34	35.55	121.18	50.88	31.49
Management capacity	Turnover rate of accounts receivable (times)	3.33	3.42	4.19	3.75	3.64
	Average cash collection days	109.60	106.72	87.11	97.33	100.27
	Inventory turnover rate (times)	8.41	7.65	6.00	5.05	5.66
	Payable turnover rate (times)	3.86	3.81	4.14	3.84	3.72
	Average sales days	43.40	47.71	60.83	72.28	64.48
	Turnover rate of real estate, plant, and equipment (times)	14.48	12.26	12.67	10.85	9.32
	Turnover rate of total assets (times)	1.14	0.97	1.08	1.06	1.03
Profitability	Return on assets (%)	5.36	3.86	5.21	6.43	6.18
	Return on equity (%)	9.19	6.23	8.65	10.85	9.89
	Net profit before tax to paid-in capital ratio (%)	29.52	23.02	29.89	39.67	35.53
	Net profit rate (%)	4.50	3.85	4.80	5.97	5.81
	Basic earnings per share (NTD)	1.99	1.28	1.87	2.55	2.42
Cash flow	Cash flow ratio (%)	28.70	23.25	2.01	12.50	51.65
	Fund flow adequacy ratio (%)	79.52	117.68	65.26	78.92	110.12
	Cash reinvestment ratio (%)	11.30	7.13	(0.75)	3.82	18.24
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.05	1.04	1.01	1.02	1.04

Please explain the reasons for the changes in various financial ratios for the last 2 years. (exempt if the increase / decrease is lower than 20%)

1. Solvency:
   Due to the increase in interest rate in the current period, the interest expense rose, and the profit dropped, resulting in a decrease in times interest earned.
2. Cash flow:
   The increase in net cash inflow from operating activities in the current period resulted in the improvement of various cash flow ratios.

Note: As of the publication date of this annual report, there is no 2024 first quarter financial statement information that has been verified by a CPA.

(2) Parent Company Only Financial Analysis (Adopting International Financial Reporting Standards)

Analysis items \ Year		Financial Analysis Information for the Last 5 Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-to-asset ratio	32.33	25.34	27.92	27.05	16.83
	The ratio of long-term funds to real estate, plant, and equipment	55,617.19	59,430.43	69,028.60	71,989.42	75,418.52
Solvency (%)	Current ratio	114.99	121.04	122.92	121.50	169.56
	Quick ratio	99.73	116.67	96.47	112.56	156.83
	Interest coverage ratio	27.08	35.54	217.29	72.64	47.98
Management capacity	Turnover rate of accounts receivable (times)	3.82	3.71	4.70	3.78	3.37
	Average cash collection days	95.55	98.38	77.66	96.56	108.31
	Inventory turnover rate (times)	17.37	22.43	15.63	12.89	21.95
	Payable turnover rate (times)	4.75	4.47	4.53	3.89	3.75
	Average sales days	21.01	16.27	23.35	28.32	16.63
	Turnover rate of real estate, plant, and equipment (times)	852.97	630.41	671.87	655.01	518.85
	Turnover rate of total assets (times)	1.03	0.78	0.77	0.67	0.55
Profitability	Return on assets (%)	6.37	4.37	6.04	7.67	7.58
	Return on equity (%)	9.40	6.00	8.20	10.45	9.55
	Net profit before tax to paid-in capital ratio (%)	22.27	14.64	22.12	28.81	27.14
	Net profit rate (%)	5.95	5.47	7.83	11.25	13.57
	Earnings per share (NT$)	1.99	1.28	1.87	2.55	2.42
Cash flow	Cash flow ratio (%)	14.26	37.61	20.24	(4.88)	43.82
	Fund flow adequacy ratio (%)	(17.50)	38.97	63.32	76.90	86.31
	Cash reinvestment ratio (%)	1.34	7.34	4.70	(5.58)	2.63
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.11	1.05	1.01	1.05	1.06

Please explain the reasons for the changes in various financial ratios for the last 2 years. (exempt if the increase / decrease is lower than 20%)

1. Financial structure:
   Due to the decrease in borrowings in the current period, the debt to assets ratio decreased.
2. Solvency:
   The decrease in borrowings resulted in an increase in current and quick ratio. The increase in interest expense resulted in a decrease in the interest coverage ratio.
3. Management:
   The decrease in the amount of inventory during the current period resulted in an increase in inventory turnover and a drop in average sales days. Operating revenue decreased from the previous year, resulting in a decrease in the turnover rate of real estate, plant, equipment, and total assets.
4. Profitability:
   The decrease in non-operating income resulted in an increase in net profit margin.
5. Cash flow:
   The increase in net cash inflow from operating activities during the current period resulted in an increase in the cash flow ratios.

Note: As of the publication date of this annual report, there is no 2024 first quarter financial statement information that has been verified by a CPA.

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities / total assets.
   (2) Long-term funds to fixed assets ratio = (net shareholders' equity + long term liabilities) / net fixed assets.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.
3. Management capacity
   (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
   (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
   (3) Inventory turnover rate = cost of goods sold / average inventory value.
   (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = cost of goods sold / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.
   (5) Average number of sales days = 365 / inventory turnover rate.
   (6) Fixed assets turnover rate = net sales / net fixed assets.
   (7) Total assets turnover rate = net sales / total assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on shareholders' equity = after-tax profit and loss / average net shareholders' equity.
   (3) Net profit rate = after-tax profit and loss / net sales.
   (4) Earnings per share = (net profit after tax - special stock dividends) / weighted average number of issued shares. (note 1)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
   (3) Cash re-investment ratio = (net cash flow from operating activities - cash dividend) / (gross fixed assets + long-term investment + other assets + working capital). (Note 2)
6. Leverage:
   (1) Operation balance = (net operating revenue - operating variable cost and expense) / operating income (Note 3).
   (2) Financial balance = operating income / (operating income - interest expense).

Note 1: Please pay special attention to the following matters when assessing the aforesaid calculation formula of earnings per share.

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-month, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-

tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 2: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary shares and special shares.
5. Gross real estate, plant, and equipment refers to the total amount of real estate, plant, and equipment prior to the deduction of accumulated depreciation.

Note 3: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

III. Audit Committee Review Report on the Latest Financial Report

Audit Committee Review Report

The Board of Directors has prepared the Company's 2023 business report, financial statements and proposal for the earnings distribution. The Audit Committee has reviewed the aforementioned documents, and concluded that all information is presented fairly. We hereby submit this report in accordance with the provisions of Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act.

To:

Pan-International Industrial Corp. 2024 General Shareholders Meeting

Chairman of the Audit Committee: Wen-Jung Cheng

March 13, 2024

IV. Parent Company Only Financial Statements of the most recent year

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:

4. 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.
5. 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.

6. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
7. 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.
8. 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.

9. 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

	Assets	Note	December 31, 2023 Amount		%	December 31, 2022 Amount		%
	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 net	7		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**			4,214,446	26		5,554,963	31
	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**			11,904,207	74		12,126,634	69
1XXX	**Total assets**		$	16,118,653	100	$	17,681,597	100

(continued)

	LIABILITIES AND EQUITY	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	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**		2,485,451	16	4,571,946	26
	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**		226,805	1	210,586	1
2XXX	**Total liabilities**		2,712,256	17	4,782,532	27
	interests					
	Share capital	6 (13)				
3110	Common share capital		5,183,462	32	5,183,462	29
	Capital surplus	6 (14)				
3200	Capital surplus		1,503,606	10	1,503,606	9
	Retained earnings	6 (15)				
3310	Legal reserve		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	6 (16)				
3400	Other equities		(1,410,735)	(9)	(1,385,208)	(8)
3XXX	**Total equity**		13,406,397	83	12,899,065	73
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 16,118,653	100	$ 17,681,597	100

	Item	Note	2023 Amount	%	2022 Amount	%
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		716,045	8	608,316	5
	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)	560	-	1,861	-
6000	Total operating expenses		(163,444)	(2)	(160,126)	(1)
6900	Operating profit		552,601	6	448,190	4
	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)	848,166	9	966,168	8
7000	Total non-operating income and expenses		854,112	9	1,045,140	9
7900	**Net income before tax**		1,406,713	15	1,493,330	13
7950	Income tax expense	6 (22)	(150,003)	(2)	(171,040)	(2)
8200	**Net profit of the current period**		$ 1,256,710	13	$ 1,322,290	11
	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)	(407)	-	(1,349)	-
8310	Total of items not reclassified to profit or loss		153,002	2	(701,518)	(6)
	Items that may be reclassified subsequently to profit or loss:					
8361	Currency translation difference	6 (16)	(176,695)	(2)	395,292	4
8360	Total of items that may be reclassified subsequently to profit or loss:		(176,695)	(2)	395,292	4
8300	**Other comprehensive income (net)**		($ 23,693)	-	($ 306,226)	(2)
8500	**Total comprehensive income in**		$ 1,233,017	13	$ 1,016,064	9

	the current period			
	Earnings per share (EPS)	6 (24)		
9750	Basic earnings per share		$ 2.42	$ 2.55
9850	Diluted earnings per share		$ 2.41	$ 2.54

2022											
January 1		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 1,138,619	$ 1,349,724	$ 4,308,365	($ 1,360,659)	$ 288,225	$ 12,411,342
Net 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
2023											
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

CASH FLOWS FROM OPERATING ACTIVITIES			
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)	(8,991)	(2,680)
Interest expense	6 (21)	29,944	20,846
Interest income		(28,604)	(8,442)
Dividend income	6 (18)	-	(87,254)
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	6 (6)	(848,166)	(966,168)
Unrealized exchange loss	6 (25)	-	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)
Cash flows from investing activities			
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)	37,424	78,570
Refunds of shares due to capital decrease by the investee using the investment by equity method	6 (6)	1,712,760	-
Share capital returned from liquidation of the investee company		-	41
Purchase of property, plant and equipment	6 (7)	-	(216)
Increase in intangible assets		(350)	-
Decrease (increase) of receivables from purchase of materials for a third party		3,370	(7,144)
Increase in refundable deposits		(13,382)	-
Interest received		26,671	8,442
Dividend received		-	87,254
Increase in other non-current assets		(400,753)	(28,915)
Net cash inflow from investment activities		1,075,740	138,032
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (25)	(1,366,595)	730,100
Interest paid		(29,944)	(20,846)
Cash dividend payment	6 (15)	(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	$ 1,718,409	$ 1,675,829

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

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	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:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
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) <u>Classification criteria for current and non-current assets and liabilities</u>

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 a 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

	December 31, 2023	December 31, 2022
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
	$ 1,718,409	$ 1,675,829

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	$ 290,000

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

	2023
Interest income	$ 1,933

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	(350)	(416)
	$ 869,419	$ 1,006,522

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	305,632	(2,973)	302,659
	$ 315,066	($ 3,981)	$ 311,085

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 5,907	($ 642)	$ 5,265

Finished products	457,620	(55,692)	401,928
	$ 463,527	($ 56,334)	$ 407,193

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
	$ 8,543,854	$ 11,148,371

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	$ 1,081,031	$ 895,629

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
	$ 9,967,974	$ 11,080,716

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

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

	Land	Buildings	Equipment	Others	Total
January 1, 2023					
Cost	$ 17,567	$ 15,943	$ 173,515	$ 19,702	$ 226,727
Cumulative depreciation	-	(15,943)	(173,448)	(19,418)	(208,809)
	$ 17,567	$ -	$ 67	$ 284	$ 17,918
2023					
January 1	$ 17,567	$ -	$ 67	$ 284	$ 17,918
Depreciation expenses	-	-	(67)	(75)	(142)
December 31	$ 17,567	$ -	$ -	$ 209	$ 17,776
December 31, 2023					
Cost	$ 17,567	$ 15,943	$ 173,515	$ 19,702	$ 226,727
Cumulative depreciation	-	(15,943)	(173,515)	(19,493)	(208,951)
	$ 17,567	$ -	$ -	$ 209	$ 17,776

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

(VIII)Investment property

	Land	Buildings	Total
January 1, 2023			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(42,129)	(42,129)
	$ 32,413	$ 1,518	$ 33,931
2023			
January 1	$ 32,413	$ 1,518	$ 33,931
Depreciation expenses	-	(221)	(221)
December 31	$ 32,413	$ 1,297	$ 33,710
December 31, 2023			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(42,350)	(42,350)
	$ 32,413	$ 1,297	$ 33,710

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

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

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

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

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

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

(X) Short-term borrowings

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

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

(XI) Other payables

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

(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:

	December 31, 2023	December 31, 2022

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

(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)
	75,968	77,767	(1,799)
Remeasurement:			
Return on plan assets (Note)	-	666	(666)
Effect of the change in financial assumption	171	-	171
Experience adjustment	(1,539)	-	(1,539)
	(1,368)	666	(2,034)
Appropriation of pension reserve	-	3,768	(3,768)
Payment of pension	(18,570)	(18,570)	-
Balance on December 31	$ 56,030	$ 63,631	($ 7,601)

(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
	77,028	67,805	9,223
Remeasurement:			
Return on plan assets (Note)	-	5,175	(5,175)
Impact of demographic assumption changes	(2)	-	(2)
Effect of the change in financial assumption	(2,393)	-	(2,393)
Experience adjustment	830	-	830
	(1,565)	5,175	(6,740)
Appropriation of pension reserve	-	3,897	(3,897)

Payment of pension	(813)	-	(813)
Balance on December 31	$ 74,650	$ 76,877	($ 2,227)

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

(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:

	2023	2022
Discount rate	1.15%	1.20%
Salary increase rate in the future	2.00%	2.00%

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

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

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

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
	$ 1,170,341		$ 371,576	

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
	$ 825,232	

(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	($ 268,673)	($ 1,142,062)	($ 1,410,735)

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

(XVII) Operating revenue

	2023	2022
Revenue from customer contracts	$ 9,259,899	$ 11,756,687

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:

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

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

2. Contractual liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contractual liabilities	$ 104,883	$ 148,107	$ 628,363

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

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

(XVIII) Other income

	2023	2022
Dividend income	$ -	$ 87,254

Rental income	5,524	5,533
Other income - Other	2,866	2,626
	$ 8,390	$ 95,413

(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)
	($ 1,104)	($ 4,037)

(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
	$ 11,191	$ 107,606	$ -	$ 118,797
Depreciation expenses	$ 67	$ 75	$ 221	$ 363
Amortization expenses	$ -	$ 147	$ -	$ 147

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
	$ 10,326	$ 98,605	$ -	$ 108,931
Depreciation expenses	$ 73	$ 205	$ 220	$ 498
Amortization expenses	$ -	$ 145	$ -	$ 145

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
	$ 29,944	$ 20,846

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	2023	2022
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	129,788	133,011
Deferred income tax:		
The original value and reversal of temporary differences	20,215	38,029
Income tax expense	$ 150,003	$ 171,040

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

	2023	2022
Remeasurement of defined benefit obligation	$ 407	$ 1,349

2. Relation between income tax expense and accounting profit

	2023	2022
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	$ 131,939	$ 134,823

3. Deferred income tax assets or liabilities under temporary difference and taxation loss

are specified as follows:

	2023			
	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	$ 11,267	($ 10,471)	$ -	$ 796
Unrealized exchange loss	-	6,968	-	6,968
Others	7,527	(493)	(407)	6,627
	$ 18,794	($ 3,996)	($ 407)	$ 14,391
-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	-	-
	($ 205,200)	($ 16,219)	$ -	($ 221,419)

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

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
	($ 71,452)	$ 13,741

(XXIV) Earnings per share (EPS)

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

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

(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	$ -	$ 1,366,595

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

	2023	2022
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	364,901	402,544
	$ 4,829,288	$ 5,896,465

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

	2023	2022
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	-	63
	$ 6,584,930	$ 7,173,634

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

	December 31, 2023	December 31, 2022
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	52,356	159,913
	1,233,221	2,390,337
Less: Allowance for impairment loss	(465)	(959)
	$ 1,232,756	$ 2,389,378

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

4. Other receivables

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

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

5. Accounts payable

	December 31, 2023	December 31, 2022
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	18,071	17,055
	$ 1,352,194	$ 1,876,226

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

(III) Information on compensation for the key management

	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefit	$ 13,897	$ 14,599
Post-employment benefits	240	240

	$ 14,137	$ 14,839

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				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NTD)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 86,088	30.71	$ 2,643,762	5%	$ 132,188
Non-monetary items					
USD: NTD	319,080	30.71	9,798,962		
Financial liabilities					
Monetary item					
USD: NTD	67,202	30.71	2,063,773	5%	103,189

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

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):

	December 31, 2023	December 31, 2022
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	-	-
	$ 2,102,990	$ 3,397,275

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

Group 1: 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	$ 815	$ 1,375

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	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTOCI				
- Equity securities	$ 1,016,823	$ -	$ 64,208	$ 1,081,031

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

   (2) The methods and assumptions adopted by the Company for measurement at fair value is as specified below:
      A. The Company adopts market quotation as the input value of fair value (i.e., Level 1), and divides them as follows according to specific features:

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

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

      C. The 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:

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

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:

	Fair value on December 31, 2023	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 64,208	Comparable public	Price–to-book ratio	1.17	The higher the multiplier, the

		company approach	Lack of market liquidity discount	20%	higher the fair value. The higher the market liquidity discount, the lower the fair value.

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

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:

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

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

XIII. Notes disclosure

(I) Information about significant transactions

1. Loans to others: Please refer to Table 1.
2. Endorsements/guarantees provided: Please refer to Table 2.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and jointly controlled entities): Please refer to Table 3.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
5. The cumulative amount of property acquired reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
6. The cumulative amount of property disposal reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
8. Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Engagement in derivatives trading: Please refer to Note 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. (note 1)	Loan extending company	Borrower	Dealing items (note 2)	Whether a related party	Maximum amount of the period (note 3)	Ending balance (note 8)	Transaction Amounts	Interest Rate	Loan nature (note 4)	Business Transaction Amounts (note 5)	Reason for short-term financing (note 6)	Provision for allowance for loss for bad debt	Collateral Name	Collateral Value	Loans and limits for individual entities (note 7)	Total loan limit (note 7)	Remarks
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. (note 1)	Name of company of the endorsement/guarantee	Guaranteed Party: Company name	Relation (note 2)	Endorsement/guarantee limit for a single enterprise (note 3)	Maximum endorsement/guarantee balance of the period (note 4)	Endorsement/guarantee balance of the period (note 5)	Transaction Amounts (note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/guarantee amount to the net value in the latest financial report	Endorsement/guarantee limit (note 3)	Endorsement/guarantee from the parent company to subsidiary (note 7)	Endorsement/guarantee from subsidiary to parent company (note 7)	Endorsement/guarantee to entities in the Mainland China (note 7)	Remarks
1	P.I.E Industrial Berhad	Pan-International Electronics(M) Sdn.Bhd.	2	$ 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	PAN-INTERNATIONAL WIRE&CABLE(M) SDN.BHD.	2	1,966,172	93,062	89,501	4,076	-	0.67	3,932,343	N	N	N	
2	Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	4	1,563,332	237,985	237,985	302,890	-	1.78	1,563,332	N	N	Y	
3	CJ Electric Systems Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	4	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)

					End of the period				
Holding Company Name	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	Financial report Account	Number of shares/beneficiary certificates	Book value	Shares Ratio	Fair value	Remarks
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	None.	Financial assets measured at fair	23,581	85	-	85	

		Islamic Income Fund		value through income - Current				
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)

			Transaction details				Transaction terms different from general ones and reasons		Note/Accounts Receivable (Payable)		
Buyer/Seller	Related Party	Relation	Purchase/Sale	Amount	Percentage of total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	Remarks
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 (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision	Sales	548,257	6	Monthly settlement 90 days T/T	No sale to other customers with no basis for	No significant difference	170,223	8	

		Industry Co., Ltd.					comparison			
Pan-International Industrial Corp.	FIH (Hong Kong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	361,987	4	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	50,281	2
Pan-International Industrial Corp.	Foxconn Technology Co., Ltd.	Other related parties	Sales	344,109	4	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	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 settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	676,322	32
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	4,490,454	54	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(671,476)	(35)
Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	851,790	10	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(156,663)	(8)
Pan-International Industrial Corp.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	1,195,120	14	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(505,985)	(26)

PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	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 Hai Precision Industry Co., Ltd.	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.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	399,720	11	Due in 90 days	Negotiated Price is Adopted	No significant difference	-	-
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fulitong Trade 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	(163,91)	(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)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties (Note 1)	Turnover Rate	Overdue Amount	Overdue Actions Taken	Accounts receivable from related parties recovered after the period	Provision for bad debt
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment 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-INTERNATIONAL 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 INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	578,829	1.94	-	Payment received after the period	20,704	232

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)

				Transactions (Note 4, Note 6)			
Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with the transaction parties (Note 2)	Account	Amount	Transaction Terms	Percentage over consolidated total revenue or total assets (note 3)
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	$ 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 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

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-subsidiary, 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: Outward	Investment Flows of current period: Inward	Cumulative outward remittance of the investment amount from Taiwan in the period end	Net income (loss) of the Investee for current period	% Ownership of Direct or Indirect Investment	Investment gains and losses recognized in the current period (Note 3)	Book value of the investment at the end of the period	Investment gains repatriated as of the end of the period	Remarks
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	$2,634,918	2	$ 2,717,835	$ -	$ -	$ 2,717,835	$ 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-International 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 properties (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	5,069,189	2	836,848	-	-	836,848	107,438	16.87	-	760,802	-	Note 8
New Ocean Precision Compone	Manufacturing and operation of various types	294,816	2	-	-	-	-	16,329	100	16,329	691,547	-	

nt (Jiangxi) Co., Ltd.	of plugs and sockets and telecommunications.											
CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products	251,862	3	-	-	-	-	144,660	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	-

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

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:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan
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.	58 thousand
			USD 1,269 thousand

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

Note 6: 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

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

Note 1: The information of major shareholders in this table is based on the information from the Central Depository on the last business day at the end of each quarter, covering shareholders 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).

Item	Summary						Amount
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				580,277
						$	1,718,409

Item	Summary	Amount	Remarks
Non-related Parties:			
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)	
		869,419	
Related Parties:			
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)	
		1,232,756	
		$ 2,102,175	

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

Name	Beginning of period		Increase for the period (Note 1)		Decrease in current period (Note 2)		End of period		Guarantee or pledge	Remark
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
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	68,547	-	-	-	(4,339)	12,831,500	64,208	”	
		$ 895,628		$ 227,166		($ 41,763)		$ 1,081,031		

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.

Investee company	Opening balance		Increase in current period (Note)		Decrease in current period (Note)		Closing balance			Net value of equity		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding %	Amount	Unit price ($)	Total price	Guarantee or pledge
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	202,762	-	4,778	-	(38,528)	33,316,236	100	169,012	-	169,012	”
		$11,080,716		$ 891,471		($ 2,004,213)			$ 9,967,974		$ 9,967,974	

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.

Supplier name	Summary	Amount	Remarks
Non-related Parties:			
Innolux Corporation		$ 311,471	
Others		273,323	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
		584,794	
Related Parties:			
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	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
		1,352,194	
		$ 1,936,988	

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

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.

Item	Amount
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)
	$ 8,543,854

Item	Selling and marketing expenses	Administrative and general affairs expense	Research and development expenses	Expected credit impairment gain	Total	Remarks
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	5,553	22,218	2,740	-	30,511	The balance of each sporadic title falls below 5% of the total under this title
	$ 66,736	$ 79,059	$ 18,209	($ 560)	$ 163,444	

V. Company's Consolidated Financial Statements of the Most Recent Year Certified by CPAs

Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004346

To Pan-International Industrial Corp.

Audit Opinions

We have audited the consolidated balance sheet of December 31, 2023 and December 31, 2022, the consolidated comprehensive income sheet, consolidated statement of changes in equity, consolidated statement of cash flows from January 1 to December 31, 2023 and 2022, and the notes to the consolidated financial statements (including the summary of material accounting policies) of Pan-International Industrial Corp. and its subsidiaries (hereinafter "Pan-International Group").

In our opinion, based on the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these consolidated financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretation announcements recognized and promulgated by the Financial Supervisory Commission (FSC). Therefore, they are able to properly express the consolidated financial status of Pan-International Group in 2023 and as of December 31, 2022, and the consolidated financial performance and consolidated cash flows in 2023 and from January 1 2022 to December 31, 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 Consolidated Financial Statements. We are independent of Pan-International Group in accordance with the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group in 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements of the year 2023 of Pan-International Group are as follows:

Assessment of the provision for valuation loss on inventory

Description

For additional information on the accounting policy of inventory valuation, refer to Note 4 (14) of the consolidated financial statements. For information on the uncertainty of accounting estimates and assumptions for inventory valuation, refer to Note 5 (2) of the consolidated financial statements. For a description of the inventory items, refer to Note 6 (5) of the consolidated financial statements. As of December 31, 2023, Pan-International Group recognized inventory loss and provision for valuation loss of inventory amounting to NT$3,868,193 thousand and NT$146,527 thousand, respectively.

Pan-International Group 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 Group measures the normal sale of inventory using the lower of the cost or the net realizable value. The above provision for the valuation of inventory loss is mainly based on obsolete items or damaged items of inventory. The net realizable value is based on the experience of handling obsolete items of inventory in the estimation. Because the amount of inventory of Pan-International Group is significant and the inventory covers a great variety of items, it requires human judgment in sorting out the obsolete or damaged items from the inventory. This requires further judgment in the audit. We therefore listed the provision for valuation loss of inventory of Pan-International Group as key audit matter.

The appropriate audit procedure

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

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.

Additional information - audits conducted by other auditors

Some of the subsidiaries of Pan-International Group included in the consolidated financial statements, were not audited by us for the financial statements of these companies. These financial statements were audited by other certified public accountants, and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, the opinions on the aforementioned consolidated financial statements regarding the amount presented in the aforementioned financial statements of these subsidiaries before adjustment were based on the Auditors' Report of other certified public accountants. The total assets of the aforementioned companies (including the investment by equity method) as of December 31, 2023 and 2022, amounted to NT$6,369,905 thousand and NT$6,461,095 thousand, respectively, accounting for 26% and 25% of the consolidated total assets, respectively. Revenue for the years ended December 31, 2023 and 2022, amounted to NT$8,334,576 thousand and NT$7,918,143 thousand, respectively, accounting for 33% and 30% of the consolidated net operating revenue, respectively.

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

Pan-International Industrial Corp. has prepared the parent company only financial statements of 2023 and 2022. We have audited these statements and issued an unqualified opinion and additional information. Auditors' Reports issued by other accountants are on record for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRS, IAS, IFRIC and SIC recognized and promulgated by the FSC and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated 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 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 consolidated financial

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Pan-International Group.
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 Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pan-International Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes to the statements), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit, and we are responsible for forming an audit opinion on the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Pan-International Group in 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. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

	Assets	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6 (1)	$ 6,440,208	26	$ 6,713,571	27
1110	Financial assets at FVTPL - Current	6 (2)	10,536	-	10,239	-
1136	Financial assets measured at after-amortization cost - Current	6 (3) and 8	939,911	4	676	-
1150	Net notes receivable	6 (4)	106,539	1	35,075	-
1170	Net accounts receivable	6 (4)	3,372,367	14	3,555,291	14
1180	Accounts receivable - Related parties net	7	2,845,211	12	4,173,927	16
1200	Other receivables		81,381	-	742,484	3
130X	Inventory	6 (5)	3,721,666	15	3,893,919	15
1470	Other current assets		191,882	1	125,527	1
11XX	**Total Current Assets**		17,709,701	73	19,250,709	76
	Non-Current Assets					
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (6)	1,866,099	8	1,752,355	7
1535	Financial assets measured at after-amortization cost - Non-current	6 (3) and 8	294,760	1	277,528	1
1550	Investment by equity method	6 (7) and 8	664,077	3	733,731	3
1600	Property, plant, and equipment	6 (8) and 8	2,817,342	12	2,686,495	11
1755	Right-of-use assets	6 (9) and 8	281,109	1	385,399	1
1760	Net investment property	6 (10) and 8	99,923	-	100,319	-
1780	Intangible asset	6 (11)	53,672	-	37,072	-
1840	Deferred tax assets	6 (25)	60,163	-	71,071	-
1900	Other non-current assets	6 (14)	550,363	2	109,824	1
15XX	**Total Non-Current Assets**		6,687,508	27	6,153,794	24
1XXX	**Total assets**		$ 24,397,209	100	$ 25,404,503	100

(continued)

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

	LIABILITIES AND EQUITY	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liability					
2100	Short-term borrowings	6 (12)	$ 565,372	2	$ 2,101,238	8
2130	Contractual liabilities - Current	6 (20) and 7	181,376	1	273,608	1
2150	Notes payable		1,041,396	4	356,341	2
2170	Accounts payable		3,739,360	15	3,839,452	15
2180	Accounts payable - Related parties	7	1,599,870	7	1,511,347	6
2200	Other payables	6 (13)	1,218,638	5	1,642,799	7
2230	Current tax liabilities		176,348	1	335,586	1
2280	Lease liabilities - Current	7	38,957	-	89,159	-
2399	Other current liabilities - Other		26,295	-	23,204	-
21XX	**Total current liabilities**		8,587,612	35	10,172,734	40
	Non-current liabilities					
2570	Deferred tax liabilities	6 (25)	370,515	2	346,399	1
2580	Lease liabilities - Non-current	7	60,745	-	99,595	1
2600	Other non-current liabilities		30,128	-	16,408	-
25XX	**Total non-current liabilities**		461,388	2	462,402	2
2XXX	**Total liabilities**		9,049,000	37	10,635,136	42
	Equity attributable to owners of the parent company					
	Share capital	6 (15)				
3110	Common share capital		5,183,462	21	5,183,462	21
	Capital surplus	6 (16)				
3200	Capital surplus		1,503,606	6	1,503,606	6
	Retained earnings	6 (17)				
3310	Legal reserve		1,401,022	6	1,269,138	5
3320	Special reserve		1,385,207	6	1,072,435	4
3350	Undistributed earnings		5,343,835	22	5,255,632	21
	Other equities	6 (18)				
3400	Other equities		(1,410,735)	(6)	(1,385,208)	(6)
31XX	**Total equity attributable to owners of the parent company**		13,406,397	55	12,899,065	51
36XX	**Non-controlling interests**	6 (19)	1,941,812	8	1,870,302	7
3XXX	**Total equity**		15,348,209	63	14,769,367	58
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Subsequent Events	11				

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

Chairman: Lee, Kuang-Yao   Managerial Officers: Tsai, Ming-Feng   Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

3X2X	**Total liabilities and equity**	$ 24,397,209	100	$ 25,404,503	100

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

Chairman: Lee, Kuang-Yao Managerial Officers: Tsai, Ming-Feng Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated 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 Amount	%	2022 Amount	%
4000	Operating revenue	6 (20) and 7	$ 25,634,258	100	$ 26,257,340	100
5000	Operating cost	6 (5) (23) And 7	(22,459,093)	(88)	(22,977,604)	(87)
5900	Operating profit margin		3,175,165	12	3,279,736	13
	Operating expenses	6 (23)				
6100	Selling and marketing expenses		(290,760)	(1)	(305,104)	(1)
6200	General and administrative expenses		(806,589)	(3)	(737,376)	(3)
6300	Research and development expenses		(477,370)	(2)	(416,502)	(2)
6450	Expected credit impairment gain	12 (2)	1,021	-	478	-
6000	Total operating expenses		(1,573,698)	(6)	(1,458,504)	(6)
6900	Operating profit		1,601,467	6	1,821,232	7
	Non-operating income and expense					
7100	Interest income		161,120	1	95,027	-
7010	Other income	6 (21)	69,975	-	184,276	1
7020	Other gains and losses	6 (22)	140,461	-	5,732	-
7050	Financial costs	6 (24)	(60,407)	-	(41,231)	-
7060	Share of profits and losses of affiliated companies and joint ventures recognized by the equity method	6 (7)	(70,824)	-	(8,603)	-
7000	Total non-operating income and expenses		240,325	1	235,201	1
7900	**Net income before tax**		1,841,792	7	2,056,433	8
7950	Income tax expense	6 (25)	(351,959)	(1)	(490,034)	(2)

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

8200	**Net profit of the current period**	$ 1,489,833	6	$ 1,566,399	6

(continued)

Pan-International Industrial Corp. and its Subsidiaries
Consolidated 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 Amount	2023 %	2022 Amount	2022 %
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasured value of defined benefit plan	6 (14)	$ 2,344	-	$ 8,470	-
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (18)	151,168	-	(708,066)	(3)
8349	Income tax related to items not reclassified	6 (25)	(469)	-	(1,695)	-
8310	Total of items not reclassified to profit or loss		153,043	-	(701,291)	(3)
	Items that may be reclassified subsequently to profit or loss:					
8361	Currency translation difference	6 (18)	(258,095)	(1)	487,069	2
8360	Total of items that may be reclassified subsequently to profit or loss:		(258,095)	(1)	487,069	2
8300	**Other comprehensive income (net)**		($ 105,052)	(1)	($ 214,222)	(1)
8500	**Total comprehensive income in the current period**		$ 1,384,781	5	$ 1,352,177	5
	NET PROFIT ATTRIBUTABLE TO:					
8610	Owners of the parent company		$ 1,256,710	5	$ 1,322,290	5
8620	Non-controlling interests		233,123	1	244,109	1

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

Chairman: Lee, Kuang-Yao Managerial Officers: Tsai, Ming-Feng Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

			$ 1,489,833	6	$ 1,566,399	6
	Total comprehensive income attributable to:					
8710	Owners of the parent company		$ 1,233,017	4	$ 1,016,064	4
8720	Non-controlling interests		151,764	1	336,113	1
			$ 1,384,781	5	$ 1,352,177	5
	Earnings per share (EPS)	6 (26)				
9750	Basic earnings per share		$ 2.42		$ 2.55	
9850	Diluted earnings per share		$ 2.41		$ 2.54	

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

Chairman: Lee, Kuang-Yao　　Managerial Officers: Tsai, Ming-Feng　　Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statement of Changes in Shareholders Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		Equity attributable to owners of the parent company											
			Capital surplus			Retained earnings			Other equities				
	Note	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling interests	Total Equity
2022													
Balance on 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	$ 1,682,573	$ 14,093,915
Net profit of the current period		-	-	-	-	-	-	1,322,290	-	-	1,322,290	244,109	1,566,399
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	-	6,548	395,292	(708,066)	(306,226)	92,004	(214,222)
Total comprehensive income in the current period		-	-	-	-	-	-	1,328,838	395,292	(708,066)	1,016,064	336,113	1,352,177
Earnings distribution and provisions for 2021:	6 (17)												
Provision of legal reserve		-	-	-	-	130,519	-	(130,519)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(277,289)	277,289	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(518,346)	-	-	(518,346)	-	(518,346)
Decrease in non-controlling interests	6 (19)	-	-	-	-	-	-	-	-	-	-	(86,844)	(86,844)
The share capital returned from liquidation of the investee company exceeds the book value		-	-	-	-	-	-	41	-	-	41	-	41
All changes in equities of subsidiaries are recognized	6 (27)	-	-	-	-	-	-	(10,036)	-	-	(10,036)	(61,540)	(71,576)
Balance on 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	$ 1,870,302	$ 14,769,367
2023													
Balance on 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	$ 1,870,302	$ 14,769,367
Net profit of the current period		-	-	-	-	-	-	1,256,710	-	-	1,256,710	233,123	1,489,833
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	-	1,834	(176,695)	151,168	(23,693)	(81,359)	(105,052)
Total comprehensive income in the current period		-	-	-	-	-	-	1,258,544	(176,695)	151,168	1,233,017	151,764	1,384,781
Earnings distribution and provisions for 2022:	6 (17)												
Provision of legal reserve		-	-	-	-	131,884	-	(131,884)	-	-	-	-	-
Provision of special reserve		-	-	-	-	-	312,772	(312,772)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(725,685)	-	-	(725,685)	-	(725,685)

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

Chairman: Lee, Kuang-Yao　　Managerial Officers: Tsai, Ming-Feng　　Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statement of Changes in Shareholders Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	Equity attributable to owners of the parent company										Non-controlling interests	Total Equity
			Capital surplus			Retained earnings			Other equities				
		Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total		
Decrease in non-controlling interests	6 (19)	-	-	-	-	-	-	-	-	-	-	(80,254)	(80,254)
Balance on 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	$ 1,941,812	$ 15,348,209

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

Chairman: Lee, Kuang-Yao　　Managerial Officers: Tsai, Ming-Feng　　Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	For the years ended December 31, 2023	January 1 to December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 1,841,792	$ 2,056,433
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (23)	631,778	603,492
Expected credit impairment gains	12 (2)	(1,021)	(478)
Net benefits of financial assets and liabilities measured at fair value through the income	6 (22)	(10,630)	(33,930)
Interest expense	6 (24)	60,407	41,231
Interest income		(161,120)	(95,027)
Dividend income	6 (21)	(22)	(87,266)
Share of profits and losses of affiliated companies recognized by the equity method	6 (7)	70,824	8,603
Net loss from the disposal of property, plant and equipment	6 (22)	9,265	25,387
Loss on disposal of investments	6 (22)	5,770	-
Unrealized exchange loss		-	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		9,910	35,518
Net notes receivable		(73,279)	(10,168)
Net accounts receivable		113,745	(561,481)
Accounts receivable - Related parties net		1,254,602	(828,967)
Other receivables		648,906	50,989
Inventory		81,232	1,075,026
Other current assets		(70,233)	145,650
Net change in liabilities related to operating activities			
Contractual liabilities		(92,232)	(665,458)
Notes payable		702,415	291,829
Accounts payable		(28,363)	(1,109,377)
Accounts payable - Related parties		123,015	167,830
Other payables		(339,344)	408,412
Other current liabilities		4,060	(3,597)
Other non-current liabilities		14,138	(2,628)
Cash inflow from operations		4,795,615	1,594,918
Income tax paid		(360,029)	(323,690)
Net cash inflow from operating activities		4,435,586	1,271,228
Cash flows from investing activities			
Acquisition of financial assets measured at after-amortization cost		(972,223)	-
Refund of capital investment in financial assets measured at fair value through other comprehensive income	6 (6)	37,424	78,570
Share capital returned from liquidation of the investee company		-	41
Purchase property, plant and equipment assets	6 (28)	(807,817)	(958,816)
Proceeds from disposal of property, plant and equipment		14,789	8,273
Acquisition of intangible assets	6 (11)	(20,397)	-
Decrease (increase) in refundable deposits		2,332	(284,930)
Increase in other non-current assets		(440,771)	(39,137)
Interest received		161,120	95,027
Dividend received		22	87,266
Net cash outflow from investment activities		(2,025,521)	(1,013,706)
Cash flows from financing activities			
Increase in short-term borrowings	6 (29)	5,009,072	8,736,973
Decrease in short-term borrowings	6 (29)	(6,582,507)	(7,775,814)
Lease principal repayment	6 (29)	(78,865)	(66,104)
Cash dividend payment	6 (17)	(725,685)	(518,346)
Interest paid		(60,407)	(41,231)
Number of cash dividends paid to non-controlling interests	6 (19)	(80,254)	(86,844)
Acquisition of stock options in subsidiaries	6 (27)	-	(71,576)
Net cash inflow (outflow) from financing activities		(2,518,646)	177,058
Impact of changes in the exchange rate on cash and cash equivalents		(164,782)	37,206
Increase (decrease) in cash and cash equivalents in the current		(273,363)	471,786

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

Chairman: Lee, Kuang-Yao   Managerial Officers: Tsai, Ming-Feng   Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	For the years ended December 31, 2023	January 1 to December 31, 2022
period			
Cash and cash equivalents at the beginning of the period		6,713,571	6,241,785
Cash and cash equivalents at the end of the period		$ 6,440,208	$ 6,713,571

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

Chairman: Lee, Kuang-Yao Managerial Officers: Tsai, Ming-Feng Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and Subsidiaries
Notes to consolidated 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 and its subsidiaries (hereinafter referred to as the "Group") 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

This Consolidated Financial Statement has been passed by the Board for announcement on March 13, 2024.

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

IV.

In addition to the following, the Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"
This amendment provides a temporary exception for the recognition or disclosure of deferred income tax arising from the legislation or substantive legislation for the implementation of the Pillar 2 model rules issued by the OECD. Enterprises are prohibited to recognize the deferred income tax assets and liabilities regarding the Pillar 2 income tax nor disclose the relevant information thereof.

(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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

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

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

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

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
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 Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted in the preparation of this consolidated financial report are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Statement of compliance

The consolidated financial statements are compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, SIC and IFRIC (hereinafter collectively referred to as IFRSs) endorsed by the FSC.

(II) Basis of preparation

1. Except for the following important items, this consolidated financial report is prepared at historical cost:
   (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 IFRSs requires the use of some important accounting estimates. In the application of the Group's accounting policies, the management also needs to use its judgment, involving items with high judgment or complexity, or major assumptions and estimates involving consolidated financial reports. Please refer to note 5 for details.

(III) Basis of consolidation

1. Principles for preparation of consolidated financial reports
   (1) All subsidiaries of the group are included in the individual entities of the consolidated financial reports. Subsidiaries refer to individual entities (including structured individual entities) controlled by the group. When the group 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 group controls such an individual entity. Subsidiaries are included in the consolidated financial reports from the date when the group obtains their control, and the merger is terminated from the date of loss of control.
   (2) Intra-group transactions, balances and unrealized gains and losses have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries which are consistent with the policies adopted by the Group.
   (3) Each component of profit or loss and other comprehensive income is attributed to the owners and non-controlling interests of the parent company; the total comprehensive income is also attributed to the owners and non-controlling interests of the parent company, even if it results in a deficit in the balance of non-controlling interests.
   (4) If the change in the shareholding of a subsidiary does not result in a loss of control (transactions with a non-controlling interest), it is treated as an equity transaction, that is, a transaction with the owner. 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) When the group loses control over a subsidiary, the remaining investment in this subsidiary is re-measured at fair value and is regarded as the fair value of the originally recognized financial assets or the cost of the investment in the originally recognized affiliated enterprise or joint venture, and the difference between the fair value and the book value is recognized as the current profit and loss. All amounts previously recognized in other comprehensive income related to the subsidiary are reclassified as profit and loss.
2. Subsidiaries listed in the consolidated financial reports:

			% of Ownership		
Investor	Name of subsidiary	Main Business	December 31, 2023	December 31, 2022	Explanation
Pan-International Industrial Corp.	Pan-International Electronics Inc.(PIU)	Engaged in the import and sales of various electronic products.	100	100	
Pan-International Industrial Corp.	Pan Global Holding Co., Ltd. (PGH)	Engaged in reinvestment in the Asia Pacific and mainland China businesses, and production and manufacturing of electronic signal cables, connectors, and computer peripheral products.	100	100	
Pan-International Industrial Corp.	Yann-Yang Investments Corp.	Engaged in the domestic investment business.	100	100	
Yann-Yang Investments Corp.	Tekcon Electronics Corporation	Engaged in manufacturing and distribution of various electronic products.	83.58	83.58	
Pan Global Holding Co., Ltd.	P.I.E. INDUSTRIAL BERHAD	The holding company of the overseas reinvestment business.	51.42	51.42	
Pan Global Holding Co., Ltd.	BEYOND ACHIEVE ENTERPRISES LTD.	The holding company of the overseas reinvestment business.	100	100	
Pan Global Holding Co., Ltd.	Team Union International Ltd.	The holding company of the overseas reinvestment business.	100	100	
Pan Global Holding Co., Ltd.	EAST HONEST HOLDINGS LIMITED	The holding company of the overseas reinvestment business.	100	100	
Tekcon Electronics Corporation	TEKCON BAHAMAS LTD	The holding company of the overseas reinvestment business.	100	100	
TEKCON BAHAMAS LTD	Tekcon Huizhou Electronics Co., Ltd.	OEM manufacturing of	100	100	

Investor	Name of subsidiary	Main Business	% of Ownership December 31, 2023	% of Ownership December 31, 2022	Explanation
		connectors and connection cables.			
TEKCON BAHAMAS LTD	CARBO ENTERPRISES LIMITED	The holding company of the overseas reinvestment business.	-	100	(2)
P.I.E. INDUSTRIAL BERHAD	PAN-INTERNATIONAL WIRE & CABLE (MALASIA) SDN. BHD.	Production and sales of electric cables.	100	100	
P.I.E. INDUSTRIAL BERHAD	PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	Production and sales of connection cables and electronic products.	100	100	
P.I.E. INDUSTRIAL BERHAD	PAN-INTERNATIONAL ELECTRONICS (THAILAND) CO., LIMITED.	Production and sales of connection cables.	100	100	
PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	PAN-INTERNATIONAL CORPORATION (S) PTE. LIMITED.	Sales of connection wires and connectors.	30	100	(1)
PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	PIE ENTERPRISE (M) SDN. BHD.	Sales of connection cables and electronic products.	100	100	
PAN-INTERNATIONAL WIRE & CABLE (MALASIA) SDN. BHD.	PIW ENTERPRISE (MALASIA) SDN. BHD.	Sales of electric cables.	100	100	
BEYOND ACHIEVE ENTERPRISES LTD.	New Ocean Precision Component (Jiangxi) Co., Ltd.	Production and operation of various plugs, sockets, telecommunication systems, etc..	100	100	
Team Union International Ltd.	Pan-International Precision Electronic Co., Ltd.	Production and sales of electric cables.	100	100	
EAST HONEST HOLDINGS LIMITED	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	PCB production and assembly, etc..	100	100	
Pan-International Precision	Pan-International Sunrise Trading Corp.	Production and sales of electrical cables, computer	100	100	

Investor	Name of subsidiary	Main Business	% of Ownership December 31, 2023	% of Ownership December 31, 2022	Explanation
Electronic Co., Ltd.		accessories, wireless Bluetooth, Turnkey, etc..			
Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	
Pan-International Precision Electronic Co., Ltd.	YiBing Pan-International Vehicle Wire Co., Ltd.	Auto parts and accessories, smart vehicle equipment manufacturing, etc..	100	100	
CJ Electric Systems Co., Ltd.	Chaohu Ruichang Electric System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	
CJ Electric Systems Co., Ltd.	Ordos City Ruichang Electric System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	
CJ Electric Systems Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	
CJ Electric Systems Co., Ltd.	Anqing Ruiyu Automotive Electrical System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	48.78	48.78	
Ordos City Ruichang Electric System Co., Ltd.	Anqing Ruiyu Automotive Electrical System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	51.22	51.22	

(1)Pan-International Corporation (S) Pte Ltd. The Group did not subscribe in proportion to its shareholding, causing the shareholding to fall to 30%. As a result, the Group lost its control over PIS, so it will not be included in the consolidated financial statements from the date of loss of control.

(2) CARBO ENTERPRISES LIMITED was dissolved and liquidated in August 2023.

3. Subsidiaries not included in the consolidated financial reports: No such situation.
4. Different adjustment and treatment methods of subsidiary accounting period: No such situation.
5. Major limitation: No such situation.
6. Subsidiaries with significant non-controlling interests in the group

The total uncontrolled equity of the Group as of December 31, 2023 and 2022 amounted to NT$1,941,812 and NT$1,870,302, respectively. The following is the information about the significant non-controlling interests of the Group and its subsidiaries:

	Non-controlling interests December 31, 2023	Non-controlling interests December 31, 2022

Name of subsidiary	Main business location	Amount	Shareholding percentage	Amount	Shareholding percentage
P.I.E. INDUSTRIAL BERHAD	Malaysia	$ 1,910,332	49	$ 1,832,190	49

Summary financial information of subsidiaries:

Balance sheet

	December 31, 2023	December 31, 2022
Current Assets	$ 4,498,290	$ 4,702,333
Non-Current Assets	1,428,253	1,334,687
Current liability	(1,922,596)	(2,204,321)
Non-current liabilities	(71,604)	(61,208)
Net total assets	$ 3,932,343	$ 3,771,491

Comprehensive Income Statement

	2023	2022
Income	$ 8,320,550	$ 7,903,462
Net income before tax	601,724	550,858
Income tax expense	(106,267)	(76,440)
Net profit of the current period	495,457	474,418
Other comprehensive income (after tax)	(153,604)	184,932
Total comprehensive income in the current period	$ 341,853	$ 659,350
Total comprehensive profit and loss attributable to non-controlling interests	$ 166,072	$ 320,312

Cash Flow Statement

	2023	2022
Net cash inflow from operating activities	$ 723,985	$ 149,676
Net cash outflow from investment activities	(291,376)	(310,767)
Net cash (outflow) inflow from financing activities	(437,341)	56,396
Effects of exchange rate changes on the balance of cash and cash equivalents	(17,719)	24,651
Decrease in cash and cash equivalents in the current period	(22,451)	(80,044)
Cash and cash equivalents at the beginning of the period	438,891	518,935
Cash and cash equivalents at the end of the period	$ 416,440	$ 438,891

(IV) Foreign exchange conversion

1. This consolidated financial report is presented in NTD, the functional currency of the company, as the presentation currency.

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. However, if the Group still retains part of its interest in the aforementioned subsidiary, but has lost control of the subsidiary of the foreign operation, it shall be treated as a disposal of all the rights and interests of the foreign operation.
(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.

(V) 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 Group classifies all assets that do not meet the conditions above as non-current.

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 group classifies all liabilities that do not meet the above conditions as non-current.

(VI) 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.

(VII) Financial assets at FVTPL

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The group adopts transaction day accounting for financial assets measured at fair value through income in compliance with trading practices.
3. The Group 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. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in and the number of dividends can be measured reliably, and the group recognizes the dividend income in profit or loss.

(VIII) 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 group adopts transaction day accounting for financial assets measured at fair value through other comprehensive income in accordance with trading practices.
3. The group measures their fair value plus transaction costs at the time of original recognition, and is subsequently measured at fair value:
   (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. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in and the number of dividends can be reliably measured, the group recognizes dividend income in profit or 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.

(IX) 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 group adopts transaction day accounting for financial assets measured at after-amortization cost in accordance with trading practices.
3. The group measures their 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 group that does not conform to cash equivalents have an insignificant discount effect and are therefore measured by the investment amount.

(X) 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 and notes receivable with unpaid interest, as they have little effect on discount, the group measures them based on the original invoice amount.

(XI) Impairment of financial assets

On each balance sheet date, the Group 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.

(XII) Derecognition of financial assets

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

(XIII) 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.

(XIV) 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.

(XV) Investment by equity method - Affiliated enterprises

1. Affiliated enterprises refer to all individual entities in which the group has a significant influence on them but has no control over them. Generally, the group directly or indirectly holds more than 20% of their voting rights. The group's investment in affiliated enterprises is treated with the equity method and recognized at cost when acquired.
2. The group recognizes the share of profit or loss of the affiliated enterprise as the current income and recognizes the share of other comprehensive income after the acquisition as other comprehensive income. If the group's share of loss in any affiliated enterprise is equal to or exceeds its interest in the associated enterprise (including any other unsecured receivables), the group does not recognize any further loss, unless the group has a legal or constructive obligation to the associated enterprise or has made payments on its behalf.
3. 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 Group shall recognize the change in ownership as a “capital reserve” based on the shareholding ratio.
4. The unrealized gains and losses arising from the transactions between the group and its affiliated enterprises have been written off in proportion to the equity in the affiliated enterprises; unless there is evidence showing that the assets transferred by the transaction have been impaired, the unrealized losses will also be eliminated. Necessary adjustments have been made to the accounting policies of affiliated enterprises which are consistent with the policies adopted by the Group.
5. When the Group disposes of an associate, if there is a loss of significant influence over the associate, the accounting treatment of all amounts previously recognized in other comprehensive income related to the associate is the same as if the Group directly disposes of the relevant assets or liabilities, that is, if the interests or losses previously recognized as other comprehensive income will be reclassified as profit and loss when disposing of related assets or liabilities, then if there is a loss of significant influence over the associate, the profit or loss will be reclassified as profit or loss 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.
6. If the Group loses its significant influence on the affiliated enterprise when it disposes the stake in the affiliated enterprise, the capital surplus associated with the affiliated enterprise will be moved to the income statement. If the Group retains its significant influence on the affiliated enterprise, profit or loss will be recognized according to the percentage of ownership disposed.

(XVI) Property, plant, and equipment

1. Property, plant and equipment are recorded based on the acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.

2. Subsequent costs are included in the book value of assets or recognized as a separate asset only when the future economic benefits related to the project are likely to flow into the Group and the cost of the project can be measured reliably. 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 Group 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

(XVII) Lessee's lease transaction - Right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the group. When the lease contract is a short-term lease or lease of a low-value target asset, the lease payment shall be recognized as an expense during the lease period by the straight-line method.

2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted current value of the group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

   Subsequently, the interest method is adopted and measured by the after-amortization cost, and interest expenses are provided during the lease period. When the lease period or lease payment changes but not due to contract modification, the lease liabilities will be reassessed and the right-of-use assets will be re-measured.

3. The right-of-use assets are recognized at cost on the lease start date, and the cost is measured based on the original amount of the lease liability.

   The subsequent measurement is based on the cost model, and the depreciation expense is calculated when the service life of the right-of-use assets expire or the lease term expires, whichever is earlier. When the lease liabilities are reassessed, any re-measurement of the lease liabilities will be adjusted in the right-of-use assets.

(XVIII) 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.

(XIX) Intangible asset

1. Goodwill is generated by corporate acquisition based on the purchase method.
2. Computer software is recognized at acquisition cost, and amortized using the straight-line method over the estimated useful life of 3 - 10 years.

(XX) Impairment of non-financial assets

1. The group 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. Except for goodwill, when there is no impairment or reduction in the assets recognized in the previous year, the impairment loss will be reversed, but the book value of the assets increased by the reversal of the impairment loss shall not exceed the book value of the assets if the impairment loss is not recognized after deduction of the depreciation or amortization.

2. The recoverable amount of goodwill is regularly estimated. When the recoverable amount is lower than its book value, the impairment loss is recognized. The impairment loss of goodwill impairment will not be reversed in subsequent years.

3. Goodwill is allocated to cash-generating units for impairment testing. This allocation is based on the identification of the operating departments, and goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the corporate merger that generates goodwill.

(XXI) Borrowings

Refers to short-term borrowings from a bank. The group 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.

(XXII) Note payable and accounts 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 Group uses the original invoice amount to measure the value.

(XXIII) Financial liabilities measured at fair value through the income

1. It refers to financial liabilities that are incurred for the primary purpose of repurchasing in the near term and derivatives held for trading other than those designated as hedging instruments under hedging accounting.

2. The group 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.

(XXIV) Derecognition of financial liabilities

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

(XXV) 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.

(XXVI) Non-hedging derivatives and embedded derivatives

Non-hedging derivatives at the time of original recognition are measured at the fair value on the contract signing date, and recognized as financial assets or liabilities measured at fair value through income; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXVII) 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.

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.

(XXVIII) 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 group calculates the current income tax based on the tax rate enacted or substantively enacted on the balance sheet date by the country where the group operates and the taxable income is generated. 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 consolidated 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 a corresponding taxable and deductible temporary difference, then it is not recognized. If there is a temporary difference arising from the investment in subsidiaries and affiliated enterprises, the Group can control the reversal time point of the temporary difference, and the temporary difference is likely to not be reversed in the foreseeable future, then it will not be recognized. 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.

(XXIX) Dividend distribution

Cash dividends distributed to the Company's shareholders are recognized as liabilities in the financial reports when the Company's board of directors resolves a decision to distribute dividends. Stock dividends distributed to the Company's shareholders are recognized as stock dividends to be distributed in the financial reports when the Company’s shareholders’ meeting resolves a decision to distribute stock dividends, and reclassified to ordinary shares on the record date of the issue of new shares.

(XXX) Revenue recognition

1. The Group manufactures and sells electronic components. Revenue from sales is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the buyer, the buyer has discretion over the price of the product, and the Group 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. Since then, the Group 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 Group has not adjusted the transaction price to reflect the time value of the currency.

(XXXI) Government subsidy

Government subsidy is recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidy and will receive the subsidy. If the nature of the government subsidy is to compensate for the expenses incurred by the group, the government subsidy shall be recognized as the current income on a systematic basis during the period of the relevant expenses.

(XXXII) Operation departments

The Group's operating departments information is reported consistently with the internal management reports provided to major operational decision-makers. Major operational decision-makers are responsible for allocating resources to operating departments and assessing their performance.

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

When the Group prepares the consolidated financial reports, 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 for accounting policy adoption

Recognition of gross or net income

According to the type of transaction and its economic essence, the Group determines whether the nature of its commitment to customers is the performance obligation of providing specific goods or services by itself (i.e. the Group is the principal), or is the performance obligation of another party providing such goods or services (i.e. the Group is the agent). When the Group controls a particular product or service before transferring it to a customer, the Group 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 Group does not control the specific product or service before transferring it to customers, the Group 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 group 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 Group 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 Group assesses the amount of inventory on the balance sheet due to normal wear and tear, obsolescence, or lack of market sales value, and reduces the inventory cost to the 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, 2023.

VI. Notes to Important Account Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 654	$ 741
Checking and demand deposit accounts	4,886,887	4,607,881
Time deposit	972,390	1,855,202
Bond repos	580,277	249,747
	$ 6,440,208	$ 6,713,571

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.
2. For information on the Group's pledged bank deposits, classified as financial assets measured at amortized cost, as of December 31, 2023 and 2022, please refer to Note 6 (3) and Note 8.

(II) Financial assets at FVTPL

Item	December 31, 2023	December 31, 2022
Current items:		
Mandatory financial assets measured at fair value through income		

Open-end funds	$ 10,536	$ 10,239

1. The financial products held by the Group in 2023 and 2022 were recognized as net gains amounting to NT$10,630 and NT$33,930, respectively.

2. The Group has not pledged financial assets measured at fair value through income.

(III) Financial assets measured at after-amortization cost

Item	December 31, 2023	December 31, 2022
Current items:		
Restricted bank deposits	$ 936,314	$ -
Pledged time deposits	3,597	676
Total	$ 939,911	$ 676
Non-current items:		
Ordinary corporate bonds	$ 290,000	$ -
Pledged time deposits	4,760	4,849
Restricted bank deposits	-	272,679
Total	$ 294,760	$ 277,528

Please refer to Note 8 for the Group's financial assets measured at amortized cost as collaterals.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Note receivable	$ 106,582	$ 35,075
Less: Allowance for impairment loss	(43)	-
Total	$ 106,539	$ 35,075
Accounts receivable	$ 3,377,206	$ 3,560,514
Less: Allowance for impairment loss	(4,839)	(5,223)
Total	$ 3,372,367	$ 3,555,291

1. The group does not hold any collateral.

The balance of accounts receivable and notes receivable as of December 31, 2023 and 2022 were generated from customer contracts. The balance of accounts and notes receivable from customer contracts on January 1, 2022, amounted to NT$2,933,483.

3. Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of notes and accounts receivable of the Group as of December 31, 2023 and 2022, is the book value of each type of notes and accounts receivable.

4. Please refer to Note 12(2) for details of relevant credit risk information.

(V) Inventory

	December 31, 2023		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 1,373,052	($ 38,942)	$ 1,334,110
Work in process	890,306	(8,667)	881,639
Finished products	1,604,835	(98,918)	1,505,917
	$ 3,868,193	($ 146,527)	$ 3,721,666

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 1,410,711	($ 23,541)	$ 1,387,170
Work in process	993,314	(19,990)	973,324
Finished products	1,663,402	(129,977)	1,533,425
	$ 4,067,427	($ 173,508)	$ 3,893,919

The cost of inventory recognized as expense losses by the Group in the current period:

	2023	2022
Cost of inventory sold	$ 22,578,622	$ 23,046,535
Inventory valuation loss (rebound profit)	(30,621)	26,679
Income from sales of scrap materials	(88,908)	(95,610)
	$ 22,459,093	$ 22,977,604

Because the Group 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.

(VI) 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-listed, OTC, or emerging stocks	849,276	925,274
Total	$ 1,866,099	$ 1,752,355

1. The Group has elected to classify its strategic equity investments as financial assets at fair value through other comprehensive profit or loss.
2. For information on changes in fair value recognized in other comprehensive income of the Group in 2023 and 2022, refer to Note 6 (18), other equities.
3. The Group 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 Group were refunded due to capital decrease in 2023 and 2022, with the amounts of NT$37,424 and NT$78,570, respectively.

(VII) Investment by equity method

	December 31, 2023	December 31, 2022
LONG TIME TECH. CO., LTD.	$ 662,973	$ 733,731
Pan-International Corporation (S) Pte Ltd. (PIS)	1,104	-
	$ 664,077	$ 733,731

1. The share of operating results of the Group's recognized affiliated companies is summarized as follows:

	2023	2022
Current net profit (loss) of continuing business units	($ 70,824)	($ 8,603)

Total comprehensive income in the current period	($ 70,824)	($ 8,603)

2. Pan-International Corporation (S) Pte Ltd. (PIS), a sub-subsidiary of the Group, conducted a cash capital increase in the first quarter of 2023. The Group did not subscribe in proportion to its shareholding in 2023, causing the shareholding to fall to 30%. As the Group is not the company's single largest shareholder, indicating that the Group has no actual power to lead its relevant activities, the Group lost its control over PIS and only has significant influence on it.

3. The income in investment accounted under equity method entitled by the Group was recognized based on the evaluation of the audited financial statements of these affiliates covering the same period.

4. Please refer to Note 8 for details on investment by equity method that the Group had placed as collateral for contractual liabilities.

(VIII) Property, plant, and equipment

	Land	Buildings	Equipment	Others	Unfinished construction and equipment to be accepted	Total
January 1, 2023						
Cost	$ 23,617	$ 811,024	$ 5,735,467	$ 881,950	$ 212,340	$ 7,664,398
Cumulative depreciation	-	(453,224)	(3,888,716)	(635,963)	-	(4,977,903)
	$ 23,617	$ 357,800	$ 1,846,751	$ 245,987	$ 212,340	$ 2,686,495
2023						
January 1	$ 23,617	$ 357,800	$ 1,846,751	$ 245,987	$ 212,340	$ 2,686,495
Addition	-	112,038	367,053	132,492	133,910	745,493
Disposal	-	(56)	(14,815)	(2,629)	(6,554)	(24,054)
Re-classification	-	3,001	17,974	3,569	(71,131)	(46,587)
Depreciation expenses	-	(28,572)	(395,749)	(92,398)	-	(516,719)
Net exchange difference	109	(15,077)	(9,331)	5,827	(8,814)	(27,286)
December 31	$ 23,726	$ 429,134	$ 1,811,883	$ 292,848	$ 259,751	$ 2,817,342
December 31, 2023						
Cost	$ 23,726	$ 902,497	$ 5,841,688	$ 993,444	$ 259,751	$ 8,021,106
Cumulative depreciation	-	(473,363)	(4,029,805)	(700,596)	-	(5,203,764)
	$ 23,726	$ 429,134	$ 1,811,883	$ 292,848	$ 259,751	$ 2,817,342

	Land	Buildings	Equipment	Others	Unfinished construction and equipment to be accepted	Total
January 1, 2022						
Cost	$ 23,211	$ 656,219	$ 5,110,913	$ 789,034	$ 235,854	$ 6,815,231

Cumulative depreciation	-	(394,779)	(3,681,747)	(585,793)	-	(4,662,319)
	$ 23,211	$ 261,440	$ 1,429,166	$ 203,241	$ 235,854	$ 2,152,912
2022						
January 1	$ 23,211	$ 261,440	$ 1,429,166	$ 203,241	$ 235,854	$ 2,152,912
Addition	-	20,930	681,673	115,849	95,918	914,370
Disposal	-	-	(28,530)	(5,085)	(45)	(33,660)
Re-classification	-	87,376	125,511	5,680	(129,134)	89,433
Depreciation expenses	-	(25,326)	(396,986)	(75,827)	-	(498,139)
Net exchange difference	406	13,380	35,917	2,129	9,747	61,579
December 31	$ 23,617	$ 357,800	$ 1,846,751	$ 245,987	$ 212,340	$ 2,686,495
December 31, 2022						
Cost	$ 23,617	$ 811,024	$ 5,735,467	$ 881,950	$ 212,340	$ 7,664,398
Cumulative depreciation	-	(453,224)	(3,888,716)	(635,963)	-	(4,977,903)
	$ 23,617	$ 357,800	$ 1,846,751	$ 245,987	$ 212,340	$ 2,686,495

Please refer to note 8 for details of the group's pledged property, plant and equipment.

(IX) Lease transaction - Lessee

1. The underlying assets of the group include land, plants and buildings, and the terms of the lease contracts usually range from 1 to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. There are no other restrictions except that the leased assets may not be used as a loan guarantee.
2. The lease term of office equipment and transportation equipment leased by the Group does not exceed 12 months.
3. The book value and recognized depreciation expense information of the right-of-use assets are as follows:

	December 31, 2023 Book value	December 31, 2022 Book value
Land	$ 185,570	$ 202,154
Building	95,539	183,245
	$ 281,109	$ 385,399

	2023 Depreciation expenses	2022 Depreciation expenses
Land	$ 9,164	$ 7,636
Building	88,273	87,328
	$ 97,437	$ 94,964

4. The increase in the group’s right-of-use assets in 2023 and 2022 amounted to NT$2,221 and NT$134,446 respectively.
5. The information on profit and loss items related to leasing contracts is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 6,049	$ 8,501
Expenses of short-term lease contracts	23,260	16,086

The total cash outflow of the Group’s leases in 2023 and 2022 amounted to NT$108,174 and NT$90,691, respectively.

7. Please refer to Note 8 for details of the Group's right-of-use assets pledged as collateral.

(X) Investment property

	Land	Buildings	Total
January 1, 2023			
Cost	$ 79,107	$ 108,215	$ 187,322
Cumulative depreciation and impairment	-	(87,003)	(87,003)
	$ 79,107	$ 21,212	$ 100,319
2023			
January 1	$ 79,107	$ 21,212	$ 100,319
Depreciation expenses	-	(1,584)	(1,584)
Net exchange difference	(56)	1,244	1,188
December 31	$ 79,051	$ 20,872	$ 99,923
December 31, 2023			
Cost	$ 79,051	$ 106,546	$ 185,597
Cumulative depreciation and impairment	-	(85,674)	(85,674)
	$ 79,051	$ 20,872	$ 99,923

	Land	Buildings	Total
January 1, 2022			
Cost	$ 105,386	$ 211,248	$ 316,634
Cumulative depreciation and impairment	-	(102,107)	(102,107)
	$ 105,386	$ 109,141	$ 214,527
2022			
January 1	$ 105,386	$ 109,141	$ 214,527
Transfer	(27,147)	(87,376)	(114,523)
Depreciation expenses	-	(5,943)	(5,943)
Net exchange difference	868	5,390	6,258
December 31	$ 79,107	$ 21,212	$ 100,319
December 31, 2022			
Cost	$ 79,107	$ 108,215	$ 187,322
Accumulated depreciation and impairment	-	(87,003)	(87,003)
	$ 79,107	$ 21,212	$ 100,319

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

	2023	2022
Rental income of investment property	$ 20,610	$ 35,979
Direct operating expenses of investment property that generate rental income in the current period	$ 1,584	$ 5,943

The fair value of the investment property held by the Group on December 31, 2023 and 2022, amounted to NT$364,547 and NT$419,829, respectively, which was the valuation of the assessment by comparative method with the market transaction prices obtained by the Group. The result indicated Level 3 fair value.

3. Please refer to Note 8 for details of the group's pledged investment property.

(XI) Intangible asset

	Computer software	Goodwill	Total
January 1, 2023			
Cost	$ -	$ 37,072	$ 37,072
Accumulated amortization and impairment	-	-	-
	$ -	$ 37,072	$ 37,072
2023			
January 1	$ -	$ 37,072	$ 37,072
Addition	20,397	-	20,397
Amortization expenses	(1,710)	-	(1,710)
Net exchange difference	(1,156)	(931)	(2,087)
December 31	$ 17,531	$ 36,141	$ 53,672
December 31, 2023			
Cost	$ 20,397	$ 36,141	$ 56,538
Accumulated amortization and impairment	(2,866)	-	(2,866)
	$ 17,531	$ 36,141	$ 53,672

	Goodwill
January 1, 2022	
Cost	$ 36,218
Accumulated amortization and impairment	-
	$ 36,218
2022	
January 1	$ 36,218
Net exchange difference	854
December 31	$ 37,072
December 31, 2022	
Cost	$ 37,072
Accumulated amortization and impairment	-
	$ 37,072

1. The above-mentioned intangible assets - goodwill was mainly generated by the Group's merger with East Honest Holdings Limited by the acquisition method in 2012, and the indirect acquisition of its reinvested mainland China subsidiary Honghuasheng Precision Electronics (Yantai) Co., Ltd.

2. Goodwill is allocated to the Group's cash-generating units by operating segments. These are all electronic components and other segments. Please refer to Note 14 for details on information disclosure of operating segments.

3. Goodwill is allocated to the cash-generating units of the Group identified by operating segments. The recoverable amount is estimated based on the value in use, and the value in use is calculated based on the pre-tax cash flow forecast in the financial budget approved by the management. The recoverable amount of the Group based on the value in use exceeds the book value, so there is no impairment of goodwill.

(XII) Short-term borrowings

Nature of the borrowings	December 31, 2023	Interest Rate	Collateral
Bank borrowings - secured borrowings	$ 98,462	3.6%-3.92%	Description 1.
Bank loans - Credit loans	466,910	3.92%-5.85%	None.
	$ 565,372		

Nature of the borrowings	December 31, 2022	Interest Rate	Collateral
Bank loans - Credit loans	$ 2,101,238	2.41%-5.39%	None.

1. The credit contracts entered into between the Group and banks are the joint guarantee limits provided by the parent company for the subsidiary. Please refer to Note 13 for details.

As of December 31, 2023 and 2022, the Group's undrawn borrowing lines were NT$7,394,128, and NT$7,675,351, respectively.

(XIII) Other payables

	December 31, 2023	December 31, 2022
Salary, bonus, and employee remuneration payable	$ 562,961	$ 596,849
Equipment payment payable	129,870	194,860
Repair expenses payable	58,443	76,253
Consumables payable	50,612	148,760
Utility fees payable	28,814	63,263
Others	387,938	562,814
	$ 1,218,638	$ 1,642,799

(XIV) Pension

1. Measures for defined retirement benefits

(1) The company and Tekcon Electronics Corporation (hereinafter referred to as Tekcon) have in place measures for defined benefit retirement in accordance with the provisions of the Labor Standards Act, which applies to the service years of all regular employees before the implementation of the “Labor Pension Act” on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act after the implementation 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 and Tekcon respectively allocate 6% and 2% 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.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 66,492	$ 86,252
Fair value of plan assets	(77,594)	(91,357)
Net defined benefit liabilities (asset)	($ 11,102)	($ 5,105)
"Other non-current assets" listed in the table	$ 11,102	$ 5,105

(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	$ 86,252	$ 91,357	($ 5,105)
Cost of service in current period	464	-	464
Interest expense (income)	1,002	1,077	(75)
	87,718	92,434	(4,716)
Remeasurement:			
Return on plan assets (Note)	-	788	(788)
Effect of the change in financial assumption	258	-	258
Experience adjustment	(1,814)	-	(1,814)
	(1,556)	788	(2,344)
Appropriation of pension reserve	-	4,042	(4,042)
Payment of pension	(19,670)	(19,670)	-
Balance on December 31	$ 66,492	$ 77,594	($ 11,102)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance on January 1	$ 88,252	$ 80,492	$ 7,760
Cost of service in current period	548	-	548
Interest expense (income)	540	496	44
	89,340	80,988	8,352
Remeasurement:			
Return on plan assets (Note)	-	6,195	(6,195)
Impact of demographic assumption changes	(2)	-	(2)
Effect of the change in financial assumption	(3,047)	-	(3,047)
Experience adjustment	774	-	774
	(2,275)	6,195	(8,470)
Appropriation of pension reserve	-	4,174	(4,174)
Payment of pension	(813)	-	(813)
Balance on December 31	$ 86,252	$ 91,357	($ 5,105)

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

(4) The defined benefit pension plan assets of the Company and Tekcon Electronics

Corporation 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. The Company and Tekcon Electronics Corporation have no right to participate in the operation and management of the fund, they cannot disclose the categories of the plan assets at fair value under IAS 19 and IAS 142. The fair value forming the total assets of the fund as of December 31, 2022 and 2021, is stated in the labor pension fund utilization report announced by the government for the respective years.

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

	2023	2022
The Company		
Discount rate	1.15%	1.20%
Salary increase rate in the future	2.00%	2.00%
Tekcon Electronics Corporation		
Discount rate	1.20%	1.30%
Salary increase rate in the future	2.00%	2.00%

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

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

	Discount rate		Salary increase rate in the future	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on the present value of defined benefit obligations	($ 1,059)	$ 1,090	$ 1,078	($ 1,053)
December 31, 2022				
Effect on the present value of defined benefit obligations	($ 1,300)	$ 1,337	$ 1,323	($ 1,293)

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 Group expected to appropriate $1,354 for payment to the retirement plan for 2024.

(7) As of December 31, 2023, the weighted average duration of the pension plans of the Company and Tekcon Electronics Corporation were 6 years and 8 years, respectively.

2. Regulations for the defined appropriation of pension fund

(1) Since July 1, 2005, the company and Tekcon have formulated measures for defined retirement allocation in accordance with the “Labor Pension Act” which applies to employees of Taiwan nationality. For employees of the company and Tekcon who choose to apply the labor retirement pension system of the “Labor Pension Act”, 6% of their monthly salary is allocated as labor pension to the employee's personal account at the Labor Insurance Bureau. The payment of labor pension shall be based on the balance of the employee's individual pension account and the number of accumulated benefits and shall be paid in the form of monthly pension or lump sum pension payment.

(2) The subsidiaries listed in the consolidated statements do not have their own retirement measures. Pan-International Electronics Inc., P.I.E. Industrial Berhad and its subsidiaries in mainland China shall allocate a certain percentage of their total salary to the mandatory provident fund in accordance with the local government's mandatory regulations, and be deposited in the independent account of each employee, and the pension of each employee is managed and arranged by the government. The companies mentioned above have no further obligations except for the monthly allocation.

(3) In 2023 and 2022, the Group recognized pension cost amounting to NT$165,857 and NT$155,293, respectively, in accordance with the above regulations governing the recognition of pension fund.

(XV) 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.

(XVI) 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.

(XVII) 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
	$ 1,170,341		$ 371,576	

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
	$ 825,232	

(XVIII) Other items of equity

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2023	($ 419,841)	($ 965,367)	($ 1,385,208)

Unrealized profit or loss of financial products - Group	151,168	-	151,168
Currency conversion difference - Group	-	(176,695)	(176,695)
December 31, 2023	($ 268,673)	($ 1,142,062)	($ 1,410,735)

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2022	$ 288,225	($ 1,360,659)	($ 1,072,434)
Unrealized profit or loss of financial products - Group	(708,066)	-	(708,066)
Currency conversion difference - Group	-	395,292	395,292
December 31, 2022	($ 419,841)	($ 965,367)	($ 1,385,208)

(XIX)Non-controlling interests

	2023	2022
January 1	$ 1,870,302	$ 1,682,573
Share of non-controlling interest:		
Net profit of the current period	233,123	244,109
Remeasured value of defined benefit plan	41	227
Conversion difference from the conversion of financial statements of a foreign operation	(81,400)	91,777
Cash dividend payment	(80,254)	(86,844)
Decrease in non-controlling interests	-	(61,540)
December 31	($ 1,941,812)	($ 1,870,302)

(XX) Operating revenue

	2023	2022
Revenue from customer contracts	$ 25,634,258	$ 26,257,340

The revenue of the Group is derived from goods and services transferred at a certain time point. Please refer to Note 14 for details of revenue.

Contractual liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contractual liabilities	$ 181,376	$ 273,608	$ 939,066

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

	2023	2022
Opening balance of contract liabilities recognized as income in the current period	$ 168,825	$ 660,280

(XXI) Other income

	2023	2022
Rental income	$ 31,656	$ 45,927
Dividend income	22	87,266
Subsidy income	28,254	44,221
Other income - Other	10,043	6,862
	$ 69,975	$ 184,276

(XXII) Other gains and losses

	2023	2022
Net gains of financial assets and liabilities measured at fair value through the income	$ 10,630	$ 33,930
Losses from the disposal of property, plant and equipment	(9,265)	(25,387)
Net foreign currency conversion gain	144,784	3,854
Loss on disposal of investments	(5,770)	-
Others	82	(6,665)
	$ 140,461	$ 5,732

(XXIII) Employee benefit, depreciation and amortization expenses

By nature	2023	2022
Employee benefits expense		
Salary expenses	$ 3,271,040	$ 2,933,295
Labor and national health insurance expenses	89,051	76,851
Pension expenses	166,246	155,885
Other HR expenses	237,679	222,384
	$ 3,764,016	$ 3,388,415
Depreciation expenses	$ 615,740	$ 599,046
Amortization expenses	$ 16,038	$ 4,446

1. 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.
2. 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.

   The years 2023 and 2022 are based on the profit status as of the current period. It is estimated according to the proportion specified in the articles of association of the Company.

   The amounts of employee remuneration and director's remuneration for 2022 were

NT$79,012 and NT$7,901, respectively, which were consistent with the amounts recognized in 2022 financial statements and paid in cash. The unpaid 2022 employee remuneration and director's remuneration as of December 31, 2023 were in the amounts of NT$48,980 and NT$$18, respectively, and recognized in “Other payables”.

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

(XXIV) Financial costs

	2023	2022
Interest expenses on bank loans	$ 50,991	$ 30,356
Interest expenses on lease liabilities	6,049	8,501
Other financial costs	3,367	2,374
	$ 60,407	$ 41,231

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	2023	2022
Income tax for the current period:		
Income tax arising from current income	$ 343,461	$ 432,668
Extra tax on undistributed earnings	7,425	46,681
Income tax over estimates of previous year	(35,983)	(44,744)
Total income tax for the current period	314,903	434,605
Deferred income tax:		
The original value and reversal of temporary differences	37,056	55,429
Income tax expense	$ 351,959	$ 490,034

(2) Other comprehensive income related income tax amount:

	2023	2022
Remeasurement of defined benefit obligation	$ 469	$ 1,695

2. Relation between income tax expense and accounting profit

	2023	2022
Calculation of income tax on earnings before taxation at the mandatory tax rate	$ 579,221	$ 618,461
Expenses to be removed under the tax law	(36,290)	(46,832)
Temporary difference not recognized as deferred income tax liabilities	(142,134)	(82,094)
Extra tax on undistributed earnings	7,425	46,681

Effect of investment deduction on income tax	(	20,280)	(	1,438)
Income tax over estimates of previous year	(	35,983)	(	44,744)
Income tax expense	$	351,959	$	490,034

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

	2023				
	January 1	Recognized as income	Recognized as other comprehensive net income	Effect on foreign currency exchange differences	December 31
Deferred income tax assets:					
-Temporary difference:					
Provision for valuation loss on inventory	$ 26,928	($ 15,794)	$ -	($ 381)	$ 10,753
Accrued salaries at end of period	19,665	3,363	-	(889)	22,139
Others	24,478	3,448	(407)	(248)	27,271
	$ 71,071	($ 8,983)	($ 407)	($ 1,518)	$ 60,163
-Deferred tax liabilities:					
Return on foreign investment accounted for under the equity method	($ 257,311)	($ 17,601)	$ -	$ -	($ 274,912)
Taxation difference in depreciations	(86,093)	(12,057)	-	3,996	(94,154)
Unrealized currency exchange gains or losses	(2,279)	2,279	-	-	-
Others	(716)	(694)	(62)	23	(1,449)
	($ 346,399)	($ 28,073)	($ 62)	$ 4,019	($ 370,515)

	2022				
	January 1	Recognized as income	Recognized as other comprehensive net income	Effect on foreign currency exchange differences	December 31
Deferred income tax assets:					
-Temporary difference:					
Provision for valuation loss on inventory	$ 25,929	$ 289	$ -	$ 710	$ 26,928
Pension reserve pending on appropriation	1,920	(350)	(1,349)	-	221
Accrued salaries at end of period	19,179	(139)	-	625	19,665
Others	26,540	(2,581)	-	298	24,257
	$ 73,568	($ 2,781)	($ 1,349)	$ 1,633	$ 71,071
-Deferred tax liabilities:					
Return on foreign investment accounted for under the equity method	($ 216,284)	($ 41,027)	$ -	$ -	($ 257,311)
Taxation difference in depreciations	(72,577)	(9,711)	-	(3,805)	(86,093)
Unrealized currency exchange gains or losses	(678)	(1,601)	-	-	(2,279)

Others	(1,013)	(309)	(346)	952	(716)
	($ 290,552)	($ 52,648)	($ 346)	($ 2,853)	($ 346,399)

4. As of December 31, 2023 and 2022, the Company assessed that the temporary difference of tax payable on some of the subsidiaries will not be reversed in the foreseeable future, and recognized all these differences as deferred income tax liabilities. The unrecognized temporary difference of deferred income tax liabilities amounted to NT$6,859,001and NT$6,317,727, respectively.
5. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2021.
6. The Group has applied the exceptions for the deferred income tax assets and liabilities related to the income tax of Pillar 2, and the disclosure of its related information.

(XXVI) Earnings per share (EPS)

	2023		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	$ 1,256,710	518,346	$ 2.42
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	1,256,710	518,346	
Dilutive effects of the potential common shares-			
Employee remuneration	-	2,520	
Net income for the period attributable to the common shareholders of the parent company			
Plus effect of potential common shares	$ 1,256,710	520,866	$ 2.41

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

Net income for the period attributable to the common shareholders of the parent company Plus effect of potential common shares	$ 1,322,290	520,949	$ 2.54

(XXVII) Transactions with non-controlling interests

Dongguan Pan-International Precision Electronics Co., Ltd., a 2nd-tier subsidiary of the Company, acquired an additional 20% shares in circulation of CJ Electric Systems Co., Ltd. in the third quarter of 2022 worth RMB 16,000 thousand in cash. The book value of non-controlling interests of CJ Electric Systems Co., Ltd. was $61,540 as of the date of acquisition. For the specific transaction, non-controlling interests lost were worth $61,540 and equity attributable to owners of the parent company dropped by $10,036. Impacts of the changes in the equity of CJ Electric Systems Co., Ltd. for the fourth quarter of 2022 on the equity attributable to the owners of the parent company are as follows:

	2022
Book value of acquired non-controlling interests	$ 61,540
Consideration paid to non-controlling interests	(71,576)
Retained earnings - All changes in equities of subsidiaries are recognized	($ 10,036)

(XXVIII) Supplementary information on cash flow

Investment activities with partial cash payment:

	2023	2022
Purchase of property, plant and equipment	$ 745,493	$ 914,370
Add: equipment payable at the beginning of the period	194,860	235,818
Less: equipment payable at the end of the period	(129,870)	(194,860)
Effect on foreign currency exchange differences	(2,666)	3,488
Cash paid during the period	$ 807,817	$ 958,816

(XXIX) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 2,101,238	$ 188,754	$ 2,289,992
Changes in financing cash flow	(1,573,435)	(78,865)	(1,652,300)
Effect of exchange rate changes	37,569	(1,725)	35,844
Other non-cash changes	-	(8,462)	(8,462)
December 31	$ 565,372	$ 99,702	$ 665,074

	2022		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities

January 1	$ 1,028,206	$ 166,173	$ 1,194,379
Changes in financing cash flow	961,159	(74,605)	886,554
Effect of exchange rate changes	111,873	2,568	114,441
Other non-cash changes	-	94,618	94,618
December 31	$ 2,101,238	$ 188,754	$ 2,289,992

(VII) Related Party Transactions

(I) Related party's name and relationship

Related Party Name	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and subsidiaries (Hon Hai and subsidiaries)	With significant influence on the group
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
Pan-International Corporation (S) Pte Ltd. (PIS)	Affiliate (Note 2)

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

(Note 2) The Group has lost control over it since March 2023 but still has significant influence on it, so it is an affiliate of the Group.

(II) Major transactions with related parties

1. Operating revenue

	2023	2022
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 5,742,428	$ 7,113,019
Other related parties		
- Sharp and subsidiaries	3,216,729	2,125,811
- Others	350,602	1,762,340
Affiliates	881	-
	$ 9,310,640	$ 11,001,170

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

2. Purchase

	2023	2022
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 2,856,395	$ 2,524,393
Other related parties		
- Foxconn Technology Co., Ltd. and subsidiaries	2,288,555	1,492,196
- Others	-	63
Affiliates	5,937	-
	$ 5,150,887	$ 4,016,652

The above amount includes purchase, discount, and return. The purchase price and payment term were determined by both sides through consultation. The payment term offered by the Group to related parties ranged EOM 30 to 120 days of open account.

3. Receivables from related parties

	December 31, 2023	December 31, 2022
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 1,846,268	$ 3,165,783
Other related parties		
- Sharp and subsidiaries	945,771	788,580
- Others	54,057	221,535
Affiliates	274	-
	2,846,370	4,175,898
Less: Allowance for impairment loss	(1,159)	(1,971)
	$ 2,845,211	$ 4,173,927

The receivables from related parties were mainly from sales and purchases on behalf of the related parties. The payment term for sales to related parties ranged from 30 to 120 days. The receivables are not secured and not interest bearing.

4. Accounts payables from related parties

	December 31, 2023	December 31, 2022
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 1,029,857	$ 1,059,124
Other related parties		
- Foxconn Technology Co., Ltd. and subsidiaries	570,013	452,223
	$ 1,599,870	$ 1,511,347

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.

5. Contractual liabilities

	December 31, 2023	December 31, 2022

With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 63,987	$ 105,098
Other related parties	-	157
	$ 63,987	$ 105,255

The preceding contract liabilities of NT$63,987 and NT$101,310 dated December 31, 2023, and 2022 are guaranteed by the Group's investment by equity method, and the number of pledged shares is 7,812,500 shares. Please refer to Note 8 for details.

6. Lease transaction - Lessee

(1) The group leases the plant from the group which has a significant impact on the group. The lease term is 5 years. The rent is paid at the end of each month.

(2) Lease liabilities:

A. Ending balance

	December 31, 2023	December 31, 2022
With significant influence on the group	$ -	$ 39,286

B. Interest expenses

	2023	2022
With significant influence on the group	$ 586	$ 1,658

(III) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 13,897	$ 14,599
Post-employment benefits	240	240
Total	$ 14,137	$ 14,839

VIII. Pledged Assets

The details of the guarantees provided with the group's assets are as follows:

Asset item	Book value December 31, 2023	Book value December 31, 2022	Guarantee purpose
Pledged time deposits and restricted banks Deposits (listed as financial assets measured at after-amortization cost - Current)	$ 939,911	$ 676	Bond for bank acceptances, issuance of secured letters of credit, etc.
Pledged time deposits and restricted banks Deposits (listed as financial assets measured at after-amortization cost - non-current)	4,760	277,528	Bond for bank acceptances, customs deposits
Property, plant, and equipment	32,422	39,126	Guarantee mortgage for bank line overdraft (note)
Investment property	10,257	10,171	Guarantee mortgage for bank line overdraft (note)
Right-of-use assets	52,759	55,309	Bond for bank acceptances

Investment by equity method (Long Time Technology)	184,983	204,721	Contractual liabilities
	$ 1,225,092	$ 587,531	

Note: As of December, 2023, the land, buildings and structures above have been pledged as collateral for the overdraft facilities of financial institutions since 2005. The overdraft had been paid off, but the pledge has not been canceled.

(IX) Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

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

(II) Commitments

On November 30, 2021, the Group'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 NT$9,780.

X. Major Disaster Losses

No such situation.

XI. Significant Subsequent Events

The Board of the Company passed the proposal for the distribution of earnings in 2023 on March 13, 2024. Additional information is specified in Note 6 (17).

XII. Others

(I) Capital management

The Group's capital management objectives are to ensure the Group's sustained operation, maintain the optimal capital structure, reduce the cost of capital, and provide returns to shareholders. In order to maintain or adjust the capital structure, the group may adjust the number of dividends paid to shareholders, issue new shares, or sell assets to reduce liabilities. To monitor its capital, the group uses the net debt ratio which is calculated by dividing net debt by total net worth. Net debt is calculated as total borrowings (including the “current and non-current borrowings” reported in the consolidated balance sheet) less cash and cash equivalents. The total net value is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets.

The Group'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
   As of December 31, 2023 and 2022, the book value of the Group’s financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes receivable, accounts receivable (including related parties), and other receivables, under IFRS 9 amounted to NT$14,080,377 and NT$15,498,552, respectively. The book value of financial liabilities measured at

amortized cost (including short-term loans, accounts payable (including related parties), other payables) amounted to NT$8,164,636 and NT$9,451,177, respectively. The book value of lease liabilities as of December 31, 2023 and 2022, amounted to NT$99,702 and NT$188,754, respectively. Please refer to Notes 6 (2) and 6 (6) for the book values of financial assets/liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

2. Risk management Policy

(1) Types of risks

The group adopts a comprehensive financial risk management and control system to clearly identify, measure and control various financial risks of the group, 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 group's overall risk management policy focuses on the unpredictability of the financial market and seeks to reduce potential adverse effects on the group's financial position and financial performance.

(3) Management system

A. Risk management shall be carried out by the Finance Department of the group in accordance with the policies approved by the board of directors. 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

<u>Exchange rate risk</u>

A. Nature: The group is a multinational electronic OEM company, and most of the exchange rate risks in its operating activities come 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. (Note: The group has offices in many countries around the world, so there is an exchange rate risk in a variety of different currencies, but the main ones are the US dollar, RMB, and Malaysian ringgit.)

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. For such risks, the group has established a policy that requires companies within the group to manage the exchange rate risk relative to their functional currencies.

b. The exchange rate risk of each functional currency against the reporting currency of the consolidated statements is managed by the group's finance office.

C. Extent

The group's business involves a number of non-functional currencies (New Taiwan dollar is the functional currency of the company and some subsidiaries, and RMB and Malaysian ringgit are the functional currencies of some subsidiaries). Therefore, the group is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 98,290	30.71	$ 3,018,486	5%	$150,924
USD: RMB	63,248	7.0827	1,938,352	5%	96,918
USD: MYR	67,608	4.5956	2,076,242	5%	103,812
EUR: MYR	3,234	5.0849	109,891	5%	5,495
Foreign operations					
USD: NTD	319,080	30.71	9,798,962		
Financial liabilities					
Monetary item					
USD: NTD	79,171	30.71	2,431,341	5%	121,567
USD: RMB	5,891	7.0827	180,541	5%	9,027
USD: MYR	48,568	4.5956	1,491,523	5%	74,576

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 154,693	30.71	$ 4,750,622	5%	$237,531
USD: RMB	87,721	6.9646	2,693,031	5%	134,652
USD: MYR	103,009	4.4131	3,166,170	5%	158,309
EUR: MYR	2,504	4.7019	81,931	5%	4,097
Foreign operations					
USD: NTD	354,215	30.71	10,877,954		
Financial liabilities					
Monetary item					
USD: NTD	150,655	30.71	4,626,615	5%	231,331
USD: RMB	7,392	6.9646	226,934	5%	11,347
USD: MYR	40,959	4.4131	1,257,851	5%	62,893

D. Nature

The Group'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 gain of NT$144,784 and NT$3,854, respectively.

Price risk

A. The equity instruments of the Group exposed to price risk are financial assets measured at fair value through other comprehensive incomes. In order to manage the price risk of equity instrument investment, the Group diversifies its portfolio in accordance with the limits set by the Group.

B. The group mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment objects. If there is an upward or downward adjustment of the equity instruments by 1% with all other factors remaining unchanged, the effect on other comprehensive income of gains or losses of equity investment classified as measured at fair value through other comprehensive income would increase or decrease by NT$18,661 and NT$17,524 in 2023 and 2022, respectively.

Cash flow and fair value interest rate risk

The interest rate risk of the group comes from short-term borrowings. Borrowings at fixed interest rates expose the group to an interest rate risk at fair value, but after assessment, the group has no significant interest rate risk.

(2) Credit risk

A. The credit risk of the group is the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations, which mainly comes from the inability of the counterparties to repay the accounts receivable in accordance with the collection conditions, and the contractual cash flow classified as debt instrument investment measured at after-amortization cost.

B. In accordance with the internal credit policy, management and credit risk analysis shall be carried out on each operating entity within the group and each new customer before proposing terms and conditions for payment and delivery. 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 group 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 Group shall deem it a breach of contract.

E. The group classifies notes receivable and accounts receivable of customers according to the characteristics of customer rating, and estimates the expected credit loss based on the loss rate method.

F. The indicators used by the group to determine the credit impairment of debt instrument investment are as follows:

(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. The aging analysis of notes receivable and accounts receivable (including those of related parties) is as follows:

	December 31, 2023	December 31, 2022
Not Past Due	$ 6,318,839	$ 7,717,356
Less than 90 days	9,869	54,012
91 ~ 180 days	1,412	80
More than 181 days	38	39
	$ 6,330,158	$ 7,771,487

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

H. Other receivables (including those of related parties)

The Group's other receivables are primarily tax refund receivables, receivables on disposal of investments, and receivables on advance payments for other parties. Expected credit loss are estimated individually for other significant receivables in default; there is no concern over material non-performance or non-repayment with other counterparties. Therefore, a loss allowance for 12-month expected credit loss is recognized. The allowances for loss recognized by the Group on December 31, 2023 and 2022 were both NT$99,748, respectively.

I. The Group classified the accounts receivable of the customers according to the characteristics of the credit rating of the customers, and considered the future forward-looking adjustment of rate of loss on the basis of historical information and information at present time with foresight to estimate the provision for loss on notes and 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
December 31, 2023					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$5,986,776	$ 336,578	$ 87	$ 6,717	$ 6,330,158
Allowance for loss	$ 2,395	$ 135	$ -	$ 3,511	$ 6,041

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2022					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$7,336,321	$ 428,359	$ -	$ 6,807	$ 7,771,487
Allowance for loss	$ 2,935	$ 171	$ -	$ 4,088	$ 7,194

Group 1: Rated A by Standard & Poor's, Fitch or Moody's, or no external agency rating, and rated A according to the group's credit standards.

Group 2: Rated BBB by Standard & Poor's or Fitch, or Baa by Moody's, or no external agency rating, and rated B or C according to the group's credit standards.

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

Group 4: No external agency rating, and non-A, B, or C rated customers according to the group's credit standards.

J. The table of changes in the allowance for losses of accounts receivable (including notes) and other receivables (including related parties) after the Group adopted a simplified approach is as follows:

	2023	2022
January 1	$ 7,194	$ 11,607
Reversal of impairment loss	(1,021)	(478)
Irrecoverable amount written off	-	(4,102)
Effect on foreign currency exchange differences	(132)	167
December 31	$ 6,041	$ 7,194

K. All the Group’s financial assets measured at after-amortization cost as of December 31, 2023 and 2022 had a low credit risk. Therefore, the book value is measured according to the expected credit loss in 12 months after the balance sheet date.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating entity within the group and summarized by the group’s finance department. The group’s finance department monitors the forecast of the group's liquidity funds demand to ensure that it has sufficient funds to meet operational needs, and maintains sufficient unspent loan commitments at all times so that the group will not exceed the relevant borrowing limits or violate the terms. These forecasts take into account the group's debt financing plan, compliance with debt terms, and compliance with the financial ratios in the internal balance sheet and external regulatory requirements, such as foreign exchange control.

B. When the remaining cash held by the group 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 following table shows the grouping of the group's non-derivative financial liabilities according to their maturity dates. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to the contract maturity date. The amount of contractual cash flow disclosed in the table below is the undiscounted amount.

December 31, 2023	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				

Lease liabilities	$ 43,026	$ 33,750	$ 30,539	$ 107,315

December 31, 2022	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				
Lease liabilities	$ 95,184	$ 42,958	$ 57,847	$ 195,989

In addition to the above, the group's non-derivative financial liabilities are all due within the next year.

(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. The fair value of the listed and OTC stocks and beneficiary certificates invested by the group belongs to this level.

   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 group belongs to this level.

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

2. Financial instruments not measured at fair value

   The book values of the group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at after-amortization cost, notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, other payable, lease liabilities and other current liabilities) are reasonable approximations of their fair values.

3. For the group’s financial and non-financial instruments measured at fair value, the group classifies them according to the nature, characteristics, risk, and fair value level of the assets and liabilities. The relevant information is as follows:

   (1) The information about the group’s classification of its assets and liabilities by their nature is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	$ 10,536	$ -	$ -	$ 10,536
Financial assets at FVTOCI				
- Equity securities	$ 1,016,823	$ -	$ 849,276	$ 1,866,099

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				

Financial assets at FVTPL				
-Open-end funds	$ 10,239	$ -	$ -	$ 10,239
Financial assets at FVTOCI				
- Equity securities	$ 827,081	$ -	$ 925,274	$ 1,752,355

(2) The methods and assumptions used by the group to measure fair value are as follows:

A. If the group adopts a market quotation as the input value of fair value (i.e. level 1), the instruments classified by their characteristics are as follows:

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

B. Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or reference to the quotations of counterparties. The fair value obtained through the 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 using models to calculate market information available on the consolidated 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 group'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 Group'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 consolidated 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 Group has incorporated credit risk assessment adjustments into its calculation for the fair values of financial and non-financial instruments to reflect counterparty credit risks and the Group's credit quality, respectively.

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

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

	Equity securities	
	2023	2022
January 1	$ 925,274	$ 785,661
Profit (loss) recognized in other comprehensive income	(77,025)	59,706
Effect on foreign currency exchange differences	1,027	79,907
December 31	$ 849,276	$ 925,274

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

7. For the fair value of level 3 of the Group, the investment management department is

responsible for the independent verification of the fair value of such financial instruments in the evaluation process. The evaluation results are close to the market status through independent sources of information, and the data sources are independent, reliable, consistent with other resources, and represent executable prices. The evaluation model is calibrated regularly, backtracked, and updated for the input values and information required by the evaluation model, and any other necessary fair value adjustments are made to ensure that the evaluation results are reasonable.

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

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

	December 31, 2023	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 785,068	Net asset value method	Lack of market liquidity discount	22%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	64,208	Market method	Price–to-book ratio	1.17	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

	December 31, 2022	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 856,726	Net asset value method	Lack of market liquidity discount	24%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	68,548	Comparable public company approach	Price–to-book ratio	1.29	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the

lower the fair value.

9. The Group 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	Lack of market liquidity discount	±1%	$ 3,023	($ 3,023)
Equity instruments	December 31, 2023	Price–to-book ratio	±1%	$ 549	($ 549)

Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	December 31, 2022	Lack of market liquidity discount	±1%	$ 3,730	($ 3,730)
Equity instruments	December 31, 2022	Price–to-book ratio	±1%	$ 531	($ 531)

XIII. Additional Disclosures

(I) Information about significant transactions

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

(I) General information

The main businesses of the Group are the development, manufacturing and sales of electronic components such as electronic signal cables, connectors, electronic signal cables with connectors, printed circuit boards and precision molds, and computer peripheral products. The operation decision-makers also operate various businesses from the perspective of product categories and develop businesses according to different market attributes and demands. At present, the Group is mainly divided into the "Electronic Components Segment" and "Consumer Electronics and Computer Peripherals Segment," which are also the segments to be reported.

The operating departments' information is compiled in accordance with the accounting policies of the Group. The main operational decision-makers of the group mainly use the income and pre-tax profit and loss of each operating department as indicators for performance evaluation and resource allocation.

(II) Segments Information

Information on the reportable departments as provided to major operational decision-makers is as follows:

2023	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 15,365,498	$ 10,268,760	$ 25,634,258
Segment profit and loss	$ 1,102,148	$ 876,400	$ 1,978,548

2022	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 14,807,752	$ 11,449,588	$ 26,257,340
Segment profit and loss	$ 1,382,089	$ 848,672	$ 2,230,761

Note: Since the measured amount of the assets of the operating department is not provided to the operation decision-maker, the measured amount of the assets should be disclosed as zero.

(III) Information on the adjustment to the income and profit and loss of the segments to be reported

Since the income of the segments to be reported is the income of the enterprise, there is no need to adjust it. In addition, the adjustments to the profit and loss of the segments to be reported and to the pre-tax profit and loss of continuing operating departments are as follows:

Profit and loss	2023	2022
Profit and loss of the segments to be reported	$ 1,978,548	$ 2,230,761
Other profit and loss	(136,756)	(174,328)
Pre-tax profit and loss of continuing operating departments	$ 1,841,792	$ 2,056,433

(IV) Information on product type and service type

The revenue of external customers is mainly from the sale of the aforementioned segments for reporting. Segments for reporting are differentiated by product. Therefore, income by product type should be the income of the segments in the report.

(V) Information on the regions

Information of the Group by region in 2023 and 2022 is shown below:

	2023		2022	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Mainland China	$ 11,949,640	$ 1,811,794	$ 11,634,937	$ 2,116,214
Malaysia	3,865,480	1,419,020	3,958,696	1,326,225
Hong Kong	5,021,408	-	6,088,703	-
USA	1,838,052	16,909	2,266,499	19,383
Others	2,959,678	554,686	2,308,505	134,815
	$ 25,634,258	$ 3,802,409	$ 26,257,340	$ 3,596,637

(VI) Information on key customers

Customers accounting for more than 10% of the sales revenue as stated in the Group's Consolidated Income Statement of 2023 and 2022:

	2023	2022
Customer Group A	$ 5,742,428	$ 7,113,019
Customer of Group B	3,216,729	2,125,811
	$ 8,959,157	$ 9,238,830

Pan-International Industrial Corp. and Subsidiaries

Loans to others

January 1 to December 31, 2023

Table 1

Unit: NTD thousand

(unless otherwise noted)

Serial No. (note 1)	Loan extending company	Borrower	Dealing items (note 2)	Whether a related party	Maximum amount of the period (note 3)	Ending balance (note 8)	Transaction Amounts	Interest Rate	Loan nature (note 4)	Business Transaction Amounts (note 5)	Reason for short-term financing (note 6)	Provision for allowance for loss for bad debt	Collateral Name	Collateral Value	Loans and limits for individual entities (note 7)	Total loan limit (note 7)	Remarks
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. and Subsidiaries

Endorsement/guarantee provided

January 1 to December 31, 2023

Table 2

Unit: NTD thousand

(unless otherwise noted)

Serial No. (note 1)	Name of company of the endorsement/guarantee	Guaranteed Party: Company name	Relation (note 2)	Endorsement/guarantee limit for a single enterprise (note 3)	Maximum endorsement/guarantee balance of the period (note 4)	Endorsement/guarantee balance of the period (note 5)	Actual disbursement (note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/guarantee amount to the net value in the latest financial report	Endorsement/guarantee limit (note 3)	Endorsement/guarantee from the parent company to subsidiary (note 7)	Endorsement/guarantee from subsidiary to parent company (note 7)	Endorsement/guarantee to entities in the Mainland China (note 7)	Remarks
1	P.I.E Industrial Berhad	Pan-International Electronics(M) Sdn.Bhd.	2	$ 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	PAN-INTERNATIONAL WIRE&CABLE(M) SDN.BHD.	2	1,966,172	93,062	89,501	4,076	-	0.67	3,932,343	N	N	N	
2	Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	4	1,563,332	237,985	237,985	302,890	-	1.78	1,563,332	N	N	Y	
3	CJ Electric Systems Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	4	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 the endorsement or guarantee provided by the Company to others shall not exceed 100% of the net worth of the Company; the limit of endorsement or guarantee provided to others by individual counterparties shall not exceed 50% of the net worth of the Company; The total amount of endorsements or guarantees made by the Company and its subsidiaries as a whole to others is limited to 100% of the Company's net worth; the amount of endorsements or guarantees made by the Company and its subsidiaries as a whole for a single enterprise is limited to 10% of the net worth of the Company 50%. 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. and Subsidiaries

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)

					End of the period				
Holding Company Name	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	Financial report Account	Number of shares/beneficiary certificates	Book value	Shares Ratio	Fair value	Remarks
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. and Subsidiaries

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)

			Transaction details				Transaction terms different from general ones and reasons		Note/Accounts Receivable (Payable)		
Buyer/Seller	Related Party	Relation	Purchase/Sale	Amount	Percentage of total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	Remarks
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 (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai	Sales	548,257	6	Monthly settlement 90	No sale to other customers with no basis for	No significant difference	170,223	8	

		Precision Industry Co., Ltd.				days T/T	comparison			
Pan-International Industrial Corp.	FIH (Hong Kong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	361,987	4	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	50,281	2
Pan-International Industrial Corp.	Foxconn Technology Co., Ltd.	Other related parties	Sales	344,109	4	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	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 settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	676,322	32
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	4,490,454	54	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(671,476)	(35)
Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	851,790	10	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(156,663)	(8)
Pan-International Industrial Corp.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	1,195,120	14	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(505,985)	(26)

PAN-INTERNATIONAL ELECTRONICS (M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	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 Hai Precision Industry Co., Ltd.	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.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	399,720	11	Due in 90 days	Negotiated Price is Adopted	No significant difference		-		-
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fulitong Trade 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. and Subsidiaries

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)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties (Note 1)	Turnover Rate	Overdue Amount	Overdue Actions Taken	Accounts receivable from related parties recovered after the period	Provision for bad debt
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment 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-INTERNATIONAL 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 INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	578,829	1.94	-	Payment received after the period	20,704	232

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. and Subsidiaries

Significant Inter-company Transactions during the Reporting Period

December 31, 2023

Table 6

Unit: NTD thousand

(unless otherwise noted)

				Transactions (Note 4, Note 6)			
Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with the transaction parties (Note 2)	Account	Amount	Transaction Terms	Percentage over consolidated total revenue or total assets (note 3)
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	$ 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. and Subsidiaries

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 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	PAN-INTERNATIONAL CORPORATIO	Singapore	Manufacturing and sale of connectors for	2,329	2,329	100,000	30	1,104	(296)	(68)	Note 5

(MALASIA) SDN. BHD.	N (S) PTE. LIMITED. (PIS)	electronic signal cables

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-subsidiary, 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. and Subsidiaries

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							
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	$ 2,634,918	2	$ 2,717,835	$ -	$ -	$ 2,717,835	$ 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-International 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 properties (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	5,069,189	2		836,848	-	-		836,848	107,438	16.87	-	760,802	-	Note 8

New Ocean Precision Component (Jiangxi) Co., Ltd.	Manufacturing and operation of various types of plugs and sockets and telecommunications.	294,816	2	-	-	-	-	16,329	100	16,329	691,547	-
CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products	251,862	3	-	-	-	-	144,660	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	-

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

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:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan
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.	58 thousand
			USD 1,269 thousand

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

Note 6: 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. and Subsidiaries

Information on major shareholders

December 31, 2023

Table 9

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

Note 1: The information of major shareholders in this table is based on the information from the Central Depository on the last business day at the end of each quarter, covering shareholders 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 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).

VI. Any financial difficulties for the Company and its affiliated companies in the most recent year and as of the date of publication of the annual report, and their impacts on the Company's financial status: None.

Seven. Financial Status and Financial Performance Review Analysis & Risk Matters

I. Financial status:

Unit: NTD thousand

Item \ Year	2022	2023	Variation	
			Increase (decrease) amount	Percentage (%)
Current Assets	19,250,709	17,709,701	(1,541,008)	-8%
Property, plant, and equipment	2,686,495	2,817,342	130,847	5%
Intangible asset	37,072	53,672	16,600	45%
Other assets	458,423	610,526	429,631	238%
Total assets	25,404,503	24,397,209	(1,007,294)	-4%
Current liability	10,172,734	8,587,612	(1,585,122)	-16%
Non-current liabilities	462,402	461,388	(1,014)	0%
Total liabilities	10,635,136	9,049,000	(1,586,136)	-15%
Share capital	5,183,462	5,183,462	0	0%
Capital surplus	1,503,606	1,503,606	0	0%
Retained earnings	7,597,205	8,130,064	532,859	7%
Other equities	(1,385,208)	(1,410,735)	(25,527)	2%
Equity attributable to the parent company	12,899,065	13,406,397	507,332	4%
Non-controlling interests	1,870,302	1,941,812	71,510	4%
Total equity	14,769,367	15,348,209	578,842	4%

Note: Description of major changes in the project (please analyze and explain if the amount increase [decrease] ratio is over 20% and the amount exceeds 20 million NT dollars).

1. Other assets: This is due to the increase in prepayment for plants.

The Company has been in good financial position for the past two years with stable profits. In the future, the Company will continue to pay attention to changes in various ratios and strictly control financial risks.

II. Financial Performance:

Unit: NTD Thousand

Item \ Year	2022	2023	Variation: Increase (decrease) amount	Variation: Percentage (%)
Operating revenue	26,257,340	25,634,258	(623,082)	-2%
Operating cost	22,977,604	22,459,093	(518,511)	-2%
Operating profit margin	3,279,736	3,175,165	(104,571)	-3%
Operating expenses	1,458,504	1,573,698	115,194	8%
Operating profit	1,821,232	1,601,467	(219,765)	-12%
Non-operating income and expenses	235,201	240,325	5,124	2%
Net income before tax	2,056,433	1,841,792	(214,641)	-10%
Income tax expense	490,034	351,959	(138,075)	-28%
Net income for the period	1,566,399	1,489,833	(76,566)	-5%
Other comprehensive income (net)	(214,222)	(105,052)	109,170	51%
Total comprehensive income in the current period	1,352,177	1,384,781	32,604	2%

Note: Description of major changes in the project (please analyze and explain if the amount increase [decrease] ratio is over 20% and the amount exceeds 20 million NT dollars).

1. Income tax expenses: This is due to the tax incentives obtained from the local governments of operations.
2. Other comprehensive income (net): This is due to the exchange difference caused by the impact of changes in the valuation of equity instrument investments measured at fair value through other comprehensive income and changes in exchange rates.

Profits declined due to the decrease in consolidated revenue in the current year. The Company will continue its efforts to increase the proportion of technology and high-margin products to maintain profitability stability and growth.

III. Cash flow:

1. Analysis of cash flow change for the this year:

Unit: NTD thousand

Item \ Year	2022	2023	Variation: Increase (decrease) amount	Variation: Percentage (%)
Operating activities	1,271,228	4,435,586	3,164,358	249%
Investment activities	(1,013,706)	(2,025,521)	(1,011,815)	100%
Fundraising activities	177,058	(2,518,646)	(2,695,704)	-1522%

Change analysis:

1. Operating activities: This is due to the significant decrease in accounts receivable from related parties.
2. Investment activities: This is due to the increase in financial assets measured at amortized cost.
3. Financing activities: This is due to the decrease in short-term loans.

The Company currently has sufficient self-owned funds and no liquidity risk. We will also actively create operating profits and maintain positive capital flow in the future.

2. Improvement plan for insufficient liquidity: There is currently no cash shortage.

3. Cash liquidity analysis for the coming year:

Unit: NTD thousand

Cash balance at the beginning of the period (1)	Expected cash inflow for the entire year from operating activities (2)	Estimated annual cash outflow (3)	Estimated cash balance (deficiency) amount (1)+(2)-(3)	Remedial measures for estimated cash shortfalls	
				Investment Plan	Financing plan
6,440,208	1,601,747	1,620,417	6,421,538	—	—

Analysis of changes in cash flow in 2024:
1. Operating activities: We will continue to improve the product portfolio to increase the revenue and profit to generate cash inflow.
2. Investment activities: In response to business expansion, we will continue to invest in production equipment, which will result in cash outflow.
3. Financing activities: We will use short-term bank loans to pay cash dividends and short-term capital needs.

IV. The impacts that major capital expenditures have on financial operations in the most recent year:

In response to customer demands and process optimization, capital expenditures have shown an upward trend in recent years, contributing to the Company's revenue and profits. However, the Company has had no major capital expenditures in recent years.

V. Reinvestment policy in the most recent the main reasons for its profit or loss, improvement plan, and investment plan for the coming year:

(I) Reinvestment policy for the most recent year:

In the near future, our main investment target includes increasing the revenue ratio from automotive products and speeding up the process of entering the automotive supply chain system. Based on this, we will focus on the production and sales of automotive (electric vehicle) electronic products, increase product breadth and production capacity to improve the proportion of high-margin products and boost profitability.

(II) Main reasons for the profit or loss of reinvestment in the most recent year:

The investees had difficulty in operation due to the industrial structure change and reduced market demand, but the Company still recognized the investment income of NTD 22 thousand in 2023.

(III) Improvement Plan:

The Company has reviewed the reinvestment cases regularly to review whether the investment results have reached the original set goals, and modified the investment strategy and investment case evaluation model accordingly to ensure that future reinvestment cases can achieve the policy goals.

(IV) Investment plan for the next year:

Investment plans will be implemented according to the customer needs and capacity planning, the internal investment procedures, and the approval authority.

VI. Risk Item Appraisal

Risk Management Analysis

(I) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future countermeasures.

1. The impact of interest rate changes:

   The central banks in Europe and the U.S. have all raised interest rates to high levels to restrain inflation. Given the prospect of gradual easing of inflation and higher probability of economic recession, the central banks will begin reducing interest rates in the future. The Company's financial leverage ratio is low and interest expenses are relatively low. However, the decline in interest rates still helps reduce financial expenses. Therefore, the Company will actively review changes in capital requirements and borrowing interest rates, strive to maintain good relationships with financial institutions, use various financing tools flexibly, control interest costs, and meet capital needs. While we invest short-term idle funds in stable-yield financial products, we aim to increase interest income and reduce the risk arising from changes in interest rates.

2. The impact of exchange rate changes:

   The US dollar remains strong due to the Fed's rate hike, but the FED will begin to cut rates. The continuation of the Russo-Ukrainian war and geopolitical competition and cooperation will lead to more drastic exchange rate fluctuations in various regions. The strong USD brings the Company the benefit of exchange rate. In the future, the drastic fluctuation of exchange rate between USD and various regional currencies will have impact on the financial statements of subsidiaries. Therefore, the Company will closely observe the fluctuation of exchange rate and refer to the recommendations of professional financial institutions, and adopt the corresponding hedging financial products to avoid the risk that exchange rate changes will affect the Company's profitability.

3. The impact of inflation:

   After rising continuously, global inflation is expected to moderate gradually. However, due to the impact of the Russo-Ukrainian war and Israel–Hamas war, geopolitical competition, and changes in the supply chain, global inflation is expected to reduce in a very slow pace. To prevent inflation from eroding profits, the Company will continue to pay close attention to the raw material market fluctuations caused by political and economic changes in various regions worldwide, maintain good relationships with customers, and adjust cost structure and sales strategies in a timely manner in order to reduce any impacts that inflation may have on the Company’s profits.

(II) Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products; main reason for profit or loss; and future countermeasures.

This Company has never engaged in high-risk or highly-leveraged investments. Loaning funds to others, making endorsements/guarantees, and trading of derivatives are handled in accordance with the regulations approved by the Board of Directors and relevant internal regulations. Loaning funds and making endorsements/guarantees are supported by the subsidiary's fund allocation arrangement. Derivative transactions are only for foreign currency claims related exchange rate hedging. The Company will regularly review the results to ensure compliance with relevant transaction procedures. .

(III)Future R&D plans and anticipated investments in R&D expenses:

In the future, we will continue to upgrade the R&D and manufacturing technology of electric vehicle (EV) wiring harnesses (such as high-voltage wiring harnesses, high-voltage line system integration, high-frequency and high-speed wiring harnesses), industrial control and medical high-end wiring harnesses, and customized PCB related products to meet customer needs. The R&D expenses in 2024 are expected to be maintained at 1-2% of annual revenue, about NT$400-500 million, and will be adjusted in a timely manner depending on market competition and customer needs.

(IV) The effects that the key domestic and international policy and law changes have on the financial operations of the Company as well as the countermeasures.

The Company always pays close attention to the political and economic changes, important policies and legal updates in the operating regions, and adjusts its operating strategies accordingly, and strives to comply with regulations and maintain normal operations. As of the publication date of this annual report, the Company has not experienced any significant impact on its financial businesses due to changes in important domestic and foreign policies and laws.

(V) Impacts of technological changes (including cyber security risks) and industry changes on the Company's financial operations, and countermeasures.

The R&D and sales departments actively work closely with customers to discuss the development direction of technology and technology, jointly develop new products, and strive for new business opportunities. Moreover, the IT Department observes cybersecurity incidents from time to time, and adjusts control measures to ensure information security. As a result, changes in technology (including information security) do not create material impact on the financial business of the Company.

(VI) The effects that corporate image have on corporate crisis management and the countermeasures.

At Pan-International, we adhere to the business philosophy of honesty and integrity, care for the community and protects the environment, and strive to invest in ESG-related improvements to maintain a good corporate image. Therefore, we receive praise for our operations and development by customers, suppliers and outsiders. No management crisis occurred due to changes in our corporate image.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions.

The Company currently does not have plans for corporate mergers and acquisitions, but will review investment opportunities based on customer needs and market changes. If there are such plans in the future, a dedicated unit will make appropriate assessments and avoidance plans to determine the expected benefits and possible risks.

(VIII) Expected benefits and possible risks of plant expansions as well as the countermeasures.

The Company currently has no plans for any major plant expansions. However, the Company will closely observe changes in the global economy, fully communicate with customers, and review production capacity settings dynamically. If there is any demand for plant expansion, a dedicated unit and related technical team will be assigned to conduct a professional feasibility assessment.

(IX) The risks of concentrated procurement or sales as well as the countermeasures.

Except for our affiliates, we have no excessive procurement and sales concentration problem compared with peers. In the future, we will actively develop new customers and suppliers to prevent future risks and enhance competitiveness.

(X) The effects and risks that large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the Company's shares have to the Company as well as the countermeasures.

The Company has no such situation.

(XI) The effects and risks that operating rights changes have to the Company as well as the countermeasures.

The Company has no operating rights change related situation.

(XII) Litigation or non-litigation events.

1. The Company and its affiliated companies have not experienced any major litigation, non-litigation, or administrative disputes in the last two years and as of the publication date of this annual report.
2. The directors, president, and substantive persons in charge of the Company have never been convicted or involved in a major litigation, non-litigation, or administrative dispute.
3. The 2023 Financial Report of Hon Hai Precision Inc. Co., Ltd. (the Company's major shareholder holding over 10% of its shares) has been audited by CPAs. Hon Hai has been undergoing product patent disputes and other lawsuits. However, after the assessment, Hon Hai believes that such lawsuits have no significant impact on its business and financial status. Therefore, Hon Hai's impending lawsuits are assessed to have no significant effect on this Company's financial status.

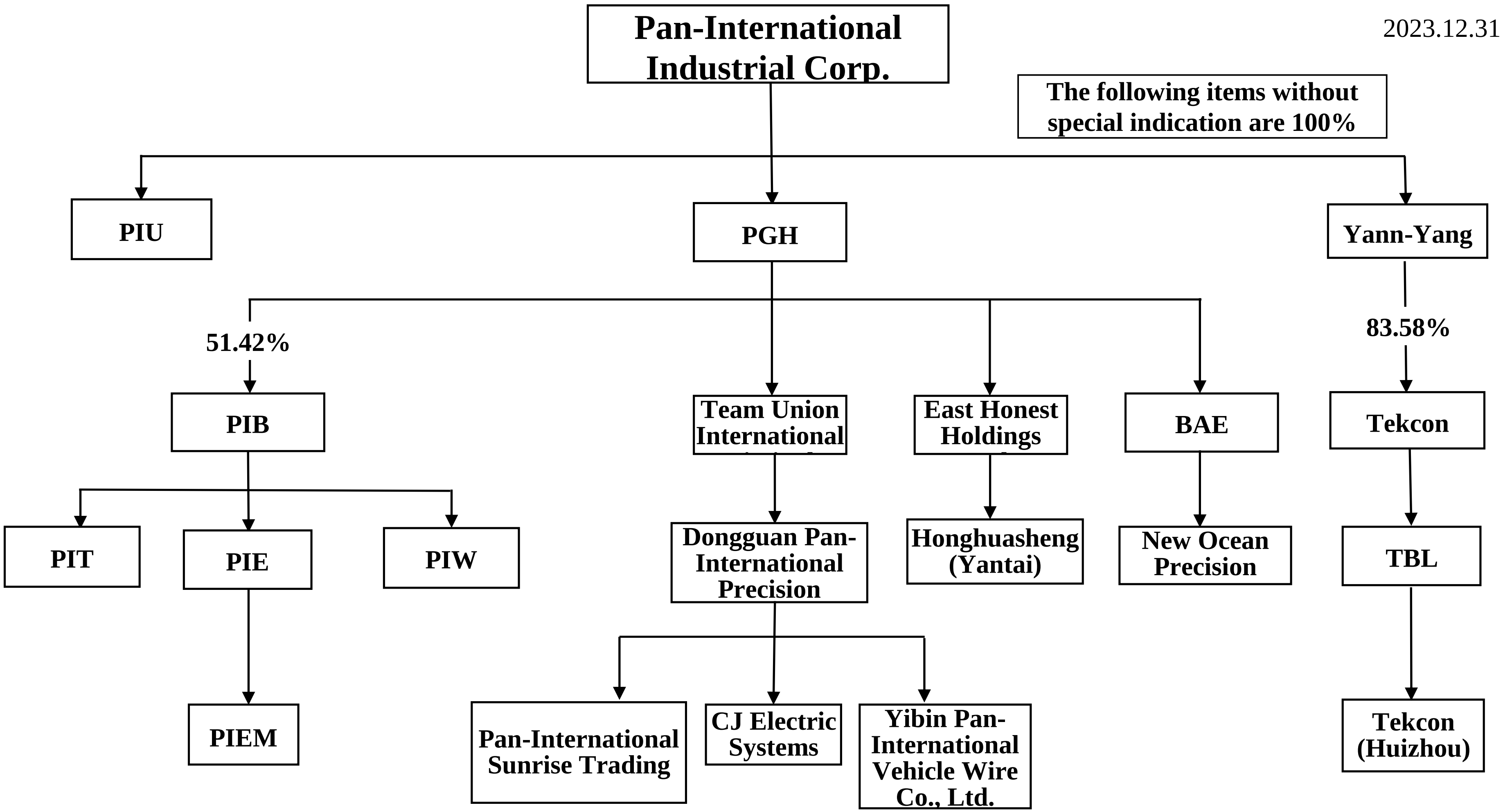
(XIII) Other important risks and countermeasures: None

VII. Other material issues: None.

Eight. Special Record Items

I. Affiliated Enterprises Related Information

1. Affiliate organization chart:



2. Basic information of each affiliates

Unit: Thousand

Enterprise name	Date of establishment	Address	Paid-in Capital	Exchange rate in December 31, 2023	Main business or production items
PAN-INTERNATIONAL ELECTRONICS (USA) INC. (PIU)	1989/12/12	48008 Fremont Blvd., Fremont, CA 94538.	USD 2,800	30.71	Sales of connection cables and electronic products
PAN GLOBAL HOLDING CO., LIMITED. (PGH)	1995/07/19	Vistra Corporate Services Centre, Wickhams CayII, Road Town, Tortola, VG1110, British Virgin Islands.	USD121,594	30.71	Holding Investment Company
P.I.E. INDUSTRIAL BERHAD (PIB)	1997/03/21	Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya 13700 Prai, Panang, Malaysia	MYR 76,808	6.6825	Holding Investment Company
PAN-INTERNATIONAL WIRE & CABLE (MALAYSIA) SDN. BHD. (PIW)	1989/01/26	Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya 13700 Prai, Panang, Malaysia	MYR 10,000	6.6825	Production and sales of electric cables
PAN-INTERNATIONAL ELECTRONICS (MALAYSIA) SDN. BHD. (PIE)	1989/01/26	Plot 4, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya 13700 Prai, Panang, Malaysia	MYR 7,500	6.6825	Production and sales of connection cables and electronic products
PAN-INTERNATIONAL ELECTRONICS (THAILAND) CO., LIMITED. (PIT)	1990/08/21	12/1 Moo 9 Suwannasorn Road, Tambom Dong-Khi-Lek Amphur Muang Prachinburi Province 2500 Thailand	THB 50,000	0.9017	Production and sales of connection cables
PIE ENTERPRISE (M) SDN.BHD. (PIEM)	1996/08/24	Plot 4, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya 13700 Prai, Panang, Malaysia	MYR 100	6.6825	Sales of connection cables and electronic products
BEYOND ACHIEVE ENTERPRISES LIMITED (BAE)	2002/10/21	Vistra Corporate Services Centre, Wickhams CayII, Road Town, Tortola, VG1110, British Virgin Islands.	USD 9,600	30.71	Holding Investment Company
TEAM UNION INTERNATIONAL LIMITED (TUI)	2008/03/19	Office 1222, 12 F., Leighton Center, 77 Leighton Rd., Causeway Bay, Hong Kong	HKD4,000	3.9290	Holding Investment Company
Pan-International Precision Electronic Co., Ltd. (PDG)	1995/12/20	Xinlian Fenghuang Shan High-tech Industrial Zone, Humen Town, Dongguan City	USD 16,400	30.71	Production and sales of electric cables

Enterprise name	Date of establishment	Address	Paid-in Capital	2022.12.31 Exchange rate	Main business or production items
Pan-International Sunrise Trading Corp.	2012/08/07	Old Plant 1 F., Gaoke 2nd Rd. & Gaoke 3rd Rd. intersection, Xinlian District, Humen Town, Dongguan City	RMB 3,000	4.3270	Production and sales of electrical cables, computer accessories, wireless Bluetooth, Turnkey, etc.
New Ocean Precision Component (Jiangxi) Co., Ltd.	2010/09/19	Jian Nan Rd., Yichun Fengcheng City, Jiang Xi Provence	USD9,600	30.71	Production and operation of various plugs, sockets, telecommunication systems, etc.
East Honest Holdings Ltd. (EHH)	2007/11/22	Office 1222, 12 F., Leighton Center, 77 Leighton Rd., Causeway Bay, Hong Kong	USD85,800	30.71	Holding Investment Company
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	2005/12/16	Yantai Economic and Technological Development Zone, No. 18 Chang Sha Avenue.	USD85,800	30.71	PCB production and assembly, etc.
CJ Electric Systems Co., Ltd.	2004/12/15	No. 36 Fengminghu Road, Wuhu District, Anhui Free Trade Pilot Zone	RMB18,207	4.3270	Manufacture and sales of automotive wiring harness products
YiBing Pan-International Vehicle Wire Co., Ltd.	2022/11/03	1-2-3 F., Plant No. 6, Sichuan Southwest Liansheng Communication Industrial Park, No. 98 Xintianwan Road, Lingang Economic and Technological Development Zone, Yibin City, Sichuan Province	RMB7,860	4.3270	Auto parts and accessories, smart vehicle equipment manufacturing, etc.
Yann-Yang Investments Corp. (Yann-Yang Investments)	2000/05/04	7F., No. 101, Section 5, Roosevelt Rd., Wenshan District, Taipei City	TWD333,162	1.00	Holding Investment Company
Tekcon Electronics Corporation (Tekcon Electronics)	1984/11/20	2F., No. 4, Lane 95, Anxing Road, Xindian District, New Taipei City	TWD262,729	1.00	Production and sales of connection wires and connectors

3. Information on the same shareholders who are presumed to have control and affiliation relations: None.

4. Industries covered by the overall affiliate enterprise businesses:

   The business operated by the Company and its affiliates includes developing, manufacturing, and selling computers, electronics, communication systems, optoelectronic, and automotive products as well as their components such as terminals, various types of connectors, and connection wires with connectors.

5. Information on directors, supervisors, and president of affiliates

Unit: Share; %

Enterprise name	Title	Name or representative	Number of shares held	
			Shares	Ratio of shareholding
PAN-INTERNATIONAL ELECTRONIC (USA) INC. (PIU)	Director	Ming-Feng Tsai	0	0%
	Director	Feng-An Huang	0	0%
PAN GLOBAL HOLDING CO., LIMITED. (PGH)	Director	Feng-An Huang	0	0%
	Director	Shih-Hua Kuo	0	0%
	Director	Liu Yu-Chun	0	0%
P.I.E. INDUSTRIAL BERHAD (PIB)	Director	Lim Chien Ch'eng	0	0%
	Director	Chung-Ming Mei	10,000	0.003%
	Director	Kuo-Yi Lan	0	0%
	Director	Lee Cheow Kooi	0	0%
	Independent director	Koay San San	0	0%
	Independent director	Wong Thai Sun	0	0%
PAN-INTERNATIONAL WIRE & CABLE(MALAYSIA) SDN. BHD. (PIW)	Director	Kuo-Yi Lan	0	0%
	Director	Yu-Zhen Liao	0	0%
	Director	Feng-An Huang	0	0%
	Director	Ming-Feng Tsai	0	0%
	Director	Wen-Ling Yu	0	0%
PAN-INTERNATIONAL ELECTRONIC (MALAYSIA) SDN. BHD. (PIE)	Director	Feng-An Huang	0	0%
	Director	Ming-Feng Tsai	0	0%
	Director	Wen-Ling Yu	0	0%
	Director	Law Tong Han	0	0%

PAN-INTERNATIONAL ELECTRONIC (THAILAND) CO., LIMITED. (PIT)	Director	Feng-An Huang	0	0%
	Director	Ming-Feng Tsai	0	0%
	Director	Lee Yu Hsien	0	0%

Enterprise name	Title	Name or representative	Shares	Ratio of shareholding
PIE ENTERPRISE (M) SDN.BHD. (PIEM)	Director	Chung-Ming Mei	0	0%
	Director	Cheah Heng Lye	0	0%
	Director	Feng-An Huang	0	0%
	Director	Ming-Feng Tsai	0	0%
	Director	Wen-Ling Yu	0	0%
BEYOND ACHIEVE ENTERPRISES LIIMITED (BAE)	Director	Feng-An Huang	0	0%
TEAM UNION INTERNATIONAL LIMITED (TUI)	Director	Feng-An Huang	0	0%
Pan-International Precision Electronic Co., Ltd. (PDG)	Chairman	Ming-Feng Tsai	0	0%
	Director	Lin Tseng-Hsiang	0	0%
	Director	Shao-Hui Wu	0	0%
	Supervisor	Ku Chun-Tao	0	0%
Pan-International Sunrise Trading Corp.	Chairman	Huang-Hui Lee	0	0%
	Director	Shao-Hui Wu	0	0%
	Supervisor	Ku Chun-Tao	0	0%
New Ocean Precision Component (Jiangxi) Co., Ltd.	Chairman	Yen-Chao Tsai	0	0%
	Director	Hsiang-Pei Chang	0	0%
	Director	Yi-Feng Lo	0	0%
	Supervisor	Ching-Chuan Chien	0	0%
East Honest Holdings Ltd. (EHH)	Director	Yu-Ching Sun	0	0%
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Chairman	Yu-Yuan Chen	0	0%
	Director	Keng-Jung Hsu	0	0%
	Director	Chu-Tsai Chen	0	0%
	Supervisor	Hsiao-Kuang Chen	0	0%

Enterprise name	Title	Name or representative	Shares	Ratio of shareholding
CJ Electric Systems Co., Ltd.	Chairman	Ming-Feng Tsai	0	0%
	Director	Li Pin	0	0%
	Director	Shao-Hui Wu	0	0%
	Supervisor	Shu-Ming Chang	0	0%
YiBing Pan-International Vehicle Wire Co., Ltd.	Chairman	Yuan Feng-Hsiang	0	0%
	Director	Ti-Huang Wan	0	0%
	Supervisor	Shu-Ming Chang	0	0%
Yann-Yang Investments Corp.	Chairman	Shih-Hua Kuo	0	0%
Tekcon Electronics Corporation	Chairman	Na-Hung Lin	0	0%
	Director	Shih-Yuan Cheng	0	0%
	Director	Chih-Hao Tai	0	0%
	Supervisor	Feng-An Huang	0	0%
	Supervisor	Wen-Ling Yu	0	0%

6. Affiliate operation status overview

Unit: NTD thousand

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share/ NT$
PAN-INTERNATIONAL ELECTRONICS (USA) INC.	85,988	308,164	74,454	233,710	437,859	10,237	10,856	Not applicable
PAN GLOBAL HOLDING CO., LTD.	2,046,930	9,647,346	82,095	9,565,251	-	(89,343)	875,838	Not applicable
P.I.E. INDUSTRIAL BERHAD	513,272	5,926,547	1,994,201	3,932,346	8,320,520	446,468	495,457	Not applicable
PAN-INTERNATIONAL WIRE & CABLE SDN. BHD.	66,825	747,812	44,448	14,703,364	1,309,313	53,023	121,333	Not applicable
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	50,119	5,076,575	2,018,457	3,058,118	7,002,284	348,534	389,922	Not applicable
PAN-INTERNATIONAL ELECTRONICS (TH) CO., LTD.	45,085	261,171	50,559	210,612	212,046	(21,408)	(14,479)	Not applicable
PIE ENTERPRISE (M) SDN. BHD.	668	23,299	-	23,299	-	(64)	(41)	Not applicable
BEYOND ACHIEVE ENTERPRISES LIMITED	294,816	691,548	-	691,548	-	-	16,329	Not applicable
Team Union International Ltd.(TUI)	12,284	1,563,334	3	1,563,331	-	-	233,021	Not applicable
Pan-International Precision Electronic Co., Ltd.	570,071	1,895,946	332,628	1,563,318	1,606,640	110,301	233,021	Not applicable
Pan-International Sunrise Trading Corp.	12,981	235,433	90,689	144,744	373,210	12,044	11,687	Not applicable

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share/ NT$
New Ocean Precision Component (Jiangxi) Co., Ltd.	268,117	1,167,536	475,996	691,540	1,195,385	(15,502)	16,329	Not applicable
East Honest Holdings Ltd. (EHH)	2,634,918	3,751,673	-	3,751,673	-	(97)	488,961	Not applicable
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	2,898,399	4,594,395	843,293	3,751,102	4,497,627	502,863	540,767	Not applicable
CJ Electric Systems Co., Ltd.	251,862	4,036,880	3,364,724	672,156	5,065,552	157,389	144,660	Not applicable
YiBing Pan-International Vehicle Wire Co., Ltd.	162,176	486,493	382,945	103,548	270,006	(58,354)	(59,563)	Not applicable
Yann-Yang Investments Corp.	333,162	169,012	-	169,012	-	(38)	(38,528)	Not applicable
Tekcon Electronics Corporation	262,729	693,046	501,334	191,712	797,850	(28,750)	(46,104)	Not applicable

(II) Consolidated Financial Statement of Affiliates

Pan-International Industrial Corp. and Subsidiaries

Declaration of Consolidated Financial Statement of Affiliates

In 2023 (from January 1, 2023 to December 31, 2023), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

Your attention is requested

Company Name: Pan-International Industrial Corp.

Responsible person: Lee, Kuang-Yao

March 13, 2024

(III) Affiliated Enterprise Report: None

II. Private placement of securities during the most recent year or the current year up to the date of publication of the annual report: None.

III. The holding or disposal of Company shares by subsidiaries in the most recent year to the day this annual report was printed: None.

IV. Other Supplementary Information: None.

Nine. Other matters that have a significant impact on the shareholders equity or the securities prices:

There are no other matters that pose a significant impact on the shareholders equity or the securities prices in the most recent year and as of the publication date of this annual report.

Pan-International Industrial Corp.

Responsible person: Lee, Kuang-Yao