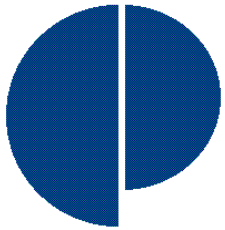


Stock Symbol: 2328

This annual report is available at

Market Observation Post System: <http://mops.twse.com.tw>

The official website of the Company: <http://www.panpi.com.tw>



# **Pan-International Industrial Corp.**

## **Annual Report 2024**

**Printing date:**

**April 10, 2025**

**For the convenience of readers and for information purpose only, the annual report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version, or any difference in the interpretation between the two versions, the Chinese language annual report shall prevail.**

## **I. The spokesperson, acting spokesperson of the Company**

<u>Spokesperson</u>	<u>Deputy Spokesperson</u>
Name: Shih-Hua Kuo	Wen-Ling Yu
Title: Assistant Vice President, Investor Relations Department	Assistant Vice President, Investor Relations Coordinator
Telephone: (02)2211-3066	(02)2211-3066
Mail: john.kuo@panpi.com.tw	winnia@panpi.com.tw

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

Corporate Headquarter:

6F., No. 200, Jian8th Rd., Zhonghe Dist., 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](http://www.gfortune.com.tw)

Tel: (02)2371-1658

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

Name of CPA: Ren-Jie Wu, Ching-Ru Hsu

CPA Office: PwC Taiwan

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

Website: [www.pwcglobal.com.tw](http://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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## I. A report to Shareholders

Dear Shareholders, Ladies and Gentlemen,

The significant decline in revenue and profit in 2024 was mainly due to the change of consumer products in the period of product life cycle, resulting in a 20% decline in the revenue from related raw materials and back-end processing. In addition, the competition in China was fierce, and the customers were also affected by geopolitical and export obstacles, resulting in a decline in the revenue from automotive products. The two factors have affected the consolidated operating revenue in 2024, with a decline of 15% compared to the previous year. Although the revenue declined, the management team still actively executed the product portfolio adjustment strategy, and strictly controlled the production cost in order to maintain the gross margin. The final results were better than expected, and the annual gross margin increased compared to the previous year. However, in order to meet customer demands, expanding research and development capacity, adjusting production capacity in our plants in China, and pay investment due diligence fees, as well as foreign exchange gains and losses resulting from fluctuations in the US dollar (USD) exchange rate, the annual expenses have increased. Consequently, this year's net income experienced a significant decline compared to last year.

Financial performance in the past three years

Item	2022	2023	2024
Annual consolidated operating revenue (hundreds of millions)	262.57	256.34	218.21
Gross profit margin (%)	12.49%	12.39%	13.51%
Net profit rate (%)	5.97%	5.81%	5.51%
Return on assets (%)	6.43%	6.18%	4.88%
Return on equity (%)	10.85%	9.89%	7.29%
Earnings per share (NT\$)	2.55	2.42	2.00
Debt ratio (%)	41.86%	37.09%	33.09%
Annual consolidated cash inflows (outflows) (hundreds of millions)	4.72	(2.73)	3.15

In terms of ESG-related matters, the annual carbon reduction target has been successfully achieved; the proportion of green energy use has reached the target; the subsidiary, HongHuaSheng

Precision Electronics (YanTai) Co., Ltd., has obtained the ISO16064-1 annual certification and UL2799 platinum-grade zero waste to landfill certification; the 2023 sustainability report was assured by PwC Taiwan; the Board performance evaluation by an external independent institution was successfully completed; and efforts to give back to community were expanded, including donations to the National Taipei University of Technology's Formula Racing Team and the Our lady of Providence Senior High School's Robotics Team, demonstrating the Company's commitment to corporate social responsibility. Even in the face of a challenging macro environment, in addition to striving to increase revenue and profits to reward employees, shareholders, and investors, the Company will continue to invest resources to respond to the concerns of other stakeholders and enhance its corporate ESG image.

### **Operational Strategy for 2025:**

The future global business environment and technological trends will be a time of rapid change and unpredictability, especially the development of the global political and economic situation after President Trump took office. The Company will actively face the difficulties and challenges of various operations by making quick decisions and implementing them effectively, and will take the following three main approaches as its business guidelines.

#### **-Increasing revenue**

The main business objectives of the year are to increase consolidated revenue and profits. For the automotive wiring harness products, the Company will actively maintain customer relations, develop new products and strategic alliances, and consolidate existing orders. In addition, the Company will actively seek acquisition targets in the automotive product sector to expand the revenue of automotive products. In terms of PCB business, after the customers launch new models, it is expected that the business will gradually recover. The business division in Southeast Asia has benefited from the flexibility adjustment of the supply chain and the US-China trade competition. In recent years, there have been many customer inquiries, and the Company will actively seize the opportunities, meet customer needs, expand production capacity, and expand business opportunities in consumer and communications products. It is expected that the annual consolidated revenue will return to the growth trend.

#### **-Enhancing R&D capabilities**

The development of new products and technologies and the optimization of production

processes are the key elements for winning orders and increasing gross profits. The Company has restructured its R&D team, eliminating underperformers while retaining strong talent, and is sequentially completing new product development and production in accordance with customer plans. The new Zhonghe Plant has been planned to be built with a more complete R&D environment. In the future, the Company will continue to seek outstanding R&D talent and expand the R&D team to improve the R&D capabilities and research new technologies, as the foundation for the Company's advanced technology-oriented development.

### **-Enhancing business resilience**

In the business environment filled with difficulties and challenges, enhancing business resilience is the only way to survive and pursue sustainable operation. The management team will continue to review the quality of various information products, reduce production and procurement costs, increase cash positions and strictly control various expenses and expenditures, in order to strengthen the Company's financial quality and maintain normal operations. The Company will also actively promote the concept of integrity, strictly prohibit corruption, and improve the whistle-blowing system to establish an ethical and honest corporate culture.

### **-Technology upgrade**

In order to support the development of customers and maintain good relationship, Pan-International continues to invest R&D resources, cooperate with customers' product design and planning schedule, develop new products, such as EV high-voltage wiring harness, energy storage high-voltage wiring harness, charging gun wiring harness, industrial robot cable carrier harnesses, HDI multilayer boards, and automotive PCB, all of which have been successively shipped and contributed to revenue. In 2024, the Company invested NTD 453 million in R&D expenses, accounting for 2.08% of consolidated revenue. In the future, the Company will maintain a 1.5 - 2% of its revenue as R&D expenses (about NTD 400 - 500 million), develop new products, such as high-frequency and high-speed cables, medical testing cables, new-generation network cables, mining Machine PCB, sever PCB, and vehicle-mounted solar panels, to enhance the Company's technological competitiveness and increase revenue and profits.

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

The rapid development of AI-related software and hardware products in recent years will lead to the rise of new products and industries, which will cause a rapid transformation and prompts the existing industry and supply chain to seek new production models. In addition, due to the frequency of extreme weather and the resulting substantive damage, environmental protection regulations in various regions have become more and more stringent, so each operating site will need to invest more resources to meet the requirements of regulatory requirements. In addition, the geopolitical integration and competition and rapid changes in economic policies of the Trump administration have all caused a new impact on the global business environment, and the Company's operations will also face different new challenges. However, new environmental challenges also mean new opportunities. Pan-International will continue to uphold its corporate culture of one step at a time and pragmatism and innovation, expand its recruitment of talent, make good use of its global operating locations, actively strive for new product business opportunities, increase revenue and profits, and strengthen employees' environmental protection and risk awareness, improve production efficiency, and strive to achieve various emission reduction targets in order to reduce the impact of various new challenges on the Company's normal operations.

### **Sustainable development**

To lay the foundation for sustainable development, GHG inventory and human rights issues will be the focus of ESG this year. The Company has planned to complete the GHG inventory and certification of its subsidiaries in Taiwan and China as soon as possible, and will formulate reduction and improvement plans based on the inventory results to maintain the carbon neutrality. As for human rights issues, relevant conduct rules will be formulated, and human rights issues will be promoted, and the rights of employees will be protected. In addition, the Company will continue to expand its efforts to give back to society to fulfill its social responsibilities. In addition, the Company will plan to establish a risk management committee to improve corporate governance and achieve ESG indicators. Although the macro economy is still challenging and competitive, the management team will overcome difficulties, improve operational efficiency, and accomplish the budget targets. The business results will be shared 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: Lee, Kuang-Yao



## Two. Corporate Governance Report

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

#### (I) Profiles of the Directors

##### Profiles of the Directors (I)

March 28, 2025

Title	Nationality or place of registration	Name	Age/Gender	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 share holding	Shares	Ratio of share holding			Title	Name	Relation
Chairman	Republic of China	Kuang-Ya Lee	Male 51~60 years old	2023.06.09	3 years	2023.06.09	0	0	1,000	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 61~70 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, Pan-International Industrial Corp. (Note)	-	-	-
Director	Republic of China	Ying-Shih Huang	Male 51~60 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, National Chung Cheng University	Senior officer of Hon Hai Precision Industry Co., Ltd.	-	-	-

Independent Director	Republic of China	Wen-Jung Cheng	Male 51~60 years old	2023.06.09	3 years	2020.06.12	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 51~60 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 51~60 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 61~70 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.

Director Feng-An Huang retired in September 2024 and no longer served as Vice President of the Company concurrently.

**Dominant shareholders of the institutional shareholder**

March 28, 2025

Name of institutional shareholder	Major shareholders of institutional shareholders
None.	None.

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

March 28, 2025

Name of corporate body	Major shareholders of corporate bodies
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)

1. 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.

## 2. Diversity and independence of the board of directors:

### (1) 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 to increase the opportunities for people of different genders to participate in decision-making and management. We will aim to have more than one-third of the board directorships held by individuals of any gender, compile a list of qualified candidates, and submit it 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 employee of the Company
		Less than 3 years	More than 3 years	Operational judgment	Accounting and financial analysis	Corporate management	Crisis management	Industry knowledge	International market view	Leadership capacity	Decision-making capacity	
Kuang-Ya Lee	Chairman			V		V	V	V	V	V	V	
Feng-An Huang	Director			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. The proportion of directors who are also employees is 0%, while the proportion of independent directors exceeding half of the board is 57%. Among the independent directors, three have held the position for three years or less, and one between three to six years. Currently, only two directors are aged between 61 and 70, accounting for 29% of the board, thus achieving the goal of a younger board. The proportion of female directors is 29%, also meeting the originally set gender equality target. The Board of Directors includes accountants, lawyers, university professors and senior industry professionals, who will contribute their efforts and create new chapters for and supervise the Company's future development. The nominations for this re-election were based on indicators, such as gender equality, diversity, cross-industry fields, and business development strategies. Two qualified female and five male candidates were nominated, and all the director candidates were successfully elected. The number of directorships held by individuals of any gender will be an important indicator for the next re-election nomination to nominate outstanding director candidates based on the Company's future development needs.

(2) 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%; up to 100% 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

March 27, 2025

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 experience (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	Relations
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.	-	-	-
Chief Financial Officer/Assistant Vice President	Republic of China	Yun-Keng Liu	Male	2024.08.14	0	0.00	0	0	0	0	Graduate from graduate school Chief of Finance Division, Hon Hai Group	None.	-	-	-
Accounting Supervisor Assistant President 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.	-	-	-

## II. 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 total of A, B, C, D in proportion to the 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 than
		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 employee (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	

Unit: NTD Thousand



			in the financ ial state ments		listed in the finan cial state ment s		in the financ ial state ment s		in the financ ial state ment s		in the financ ial state ment s		financial statements		in the financ ial state ment s	Amo unt of cash	Amo unt of stock	Amo unt of cash	Amou nt of stock		in the financi al state ment s	the subsidiari es
Director	Kuang-Ya Lee	0	0	0	0	3,728	3,728	0	0	3,728 0.36%	3,728 0.36%	2,427	2,427	48	48	2,250	0	2,250	0	8,453 0.82%	8,453 0.82%	None
	Feng-An Huang																					
	Ying-Shih Huang																					
Independent Director	Wen-Jung Cheng	1,440	1,440	0	0	2,485	2,485	0	0	3,925 0.38%	3,925 0.38%	0	0	0	0	0	0	0	0	3,925 0.38%	3,925 0.38%	None
	Lin Ching-Wei																					
	Ming-I Kuo																					
	Chih-Keng Chen																					

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

### Remuneration bracket

Remuneration bracket for individual Directors of the Company	Director name			
	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	-	-	-	-
NTD1,000,000 (inclusive) ~ NTD2,000,000	Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen, Feng-An Huang, Wen-Jung Cheng	Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen, Feng-An Huang, Wen-Jung Cheng	Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen, Wen-Jung Cheng	Ying-Shih Huang, Ching-Wei Lin, Ming-I Kuo, Chih-Keng Chen, Wen-Jung Cheng
NTD2,000,000 (inclusive) ~ NTD3,500,000	Kuang-Ya Lee	Kuang-Ya Lee	Kuang-Ya Lee	Kuang-Ya Lee
NTD3,500,000 (inclusive) ~ NTD5,000,000	-	-	-	-
NTD5,000,000 (inclusive) ~ NTD10,000,000	-	-	Feng-An Huang	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	7	7	7	7

\* 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

Title	Name	Salaries (A)		Pension and severance pay (B)		Bonuses and special subsidies (C)		Amount of remuneration to employees (D)				The sum of A, B, C, and D as a percentage of net income (%)		Any remuneration from investee companies other than the subsidiaries
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			
The President	Ming-Feng Tsai	4,160	4,160	108 (appropriated amount)	108 (appropriated amount)	2,440	2,440	5,090	0	5,090	0	11,798 1.14%	11,798 1.14%	None.
Vice President (Note)	Feng-An Huang													

Vice President Feng-An Huang retired in September 2024.

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	-	-
NTD3,500,000 (inclusive) ~ NTD5,000,000	Feng-An Huang	Feng-An Huang
NTD5,000,000 (inclusive) ~ NTD10,000,000	Tsai, Ming-Feng	Tsai, Ming-Feng
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	2	2

\* 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 10, 2025

	Title	Name	Amount in stock (NTD Thousand)	Amount in cash (NTD Thousand)	Total (NTD Thousand)	Amount total in proportion to net income (%)
Manager	The President	Ming-Feng Tsai	0	6,415	6,415	0.62%
	Vice President, Admin. Dept. (Note)	Feng-An Huang				
	Chief Financial Officer/Assistant Vice President	Yun-Keng Liu				
	Accounting Supervisor Assistant Vice President /Corporate Governance Officer	Chih-Hao Tai				

Vice President Feng-An Huang retired in September 2024.

(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:

	2023		2024	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	1.46%	1.46%	1.20%	1.20%
President and Vice Presidents	1.19%	1.19%	1.14%	1.14%

- (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 Vice President Huang, the salaries of managers and employee remuneration also decreased. Therefore, the proportion of net profit after tax in 2024 was lower than that of in 2023.
- (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 KPI

of the managers include financial indicators: revenue growth rate, after-tax income and budget achievement rate, and performance indicators: departmental OKR achievement rate, efficiency improvement, project completion rate, and innovation ability. The Remuneration Committee will review the annual bonus and employee remuneration based on the achievement of the managers' KPI. In addition, the Remuneration Committee will regularly review the evaluation criteria such as the performance evaluation system for managers, the connection between compensation and performance, and the salary level of the market peers in order to adjust the Company's compensation policies and systems for managers promptly and retain outstanding talents for the Company. The newly amended the "Procedures Governing the Salary and Remuneration of Managers" has been submitted to the first board meeting in 2025 ,and approved, as the basis for the assessment and distribution of managers' remuneration.

### III. The pursuit of corporate governance

#### (I) The operation of the Board:

(1) The Board convened 4 times in the most recent year (2024). The attendance of the Directors is shown below:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Kuang-Ya Lee	4	0	100%	
Director	Feng-An Huang	4	0	100%	
Director	Ying-Shih Huang	4	0	100%	
Independent Director	Wen-Jung Cheng	4	0	100%	
Independent Director	Lin Ching-Wei	4	0	100%	
Independent Director	Ming-I Kuo	4	0	100%	
Independent Director	Chih-Keng Chen	4	0	100%	

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 2024 March 13, 2024:
    - (1) The evaluation of the independence of the CPAs and appointment.
  2. Passed by the 3rd session of the Board in 2020 on August 14, 2024:
    - (1) Appointment of the Chief Financial Officer.
    - (2) Appointment of the chief auditor.
  3. Passed by the 4th session of the Board in 2024 November 13, 2024:
    - (1) Addition of the internal control system and operating procedures related to the management of sustainable information.
    - (2) Disposal of shares of InnoLux Display Corporation

(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: During the year, the Board of Directors discussed the 2023 performance bonuses for managers on March 13, the adjustment of the manager salary structure on May 14, and the allocation of employee remuneration to managers for 2023 on November 13. Due to personal interest involvement, Director Feng-An Huang, a stakeholder, abstained from voting. The remaining attending directors approved the proposals.
- 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.

(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 2024 in February 2025. The implementation is as follows:

Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Implement once per year	2024/1/1~2024/12/3	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 2025 as the reference of remuneration determination and the nomination for reappointment.



In order to enhance the quality of evaluations, the Board of Directors approved amendments to certain articles of the Board of Directors Evaluation Measures on August 14, 2024. The performance evaluation of the Company's Board of Directors and functional committees shall be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years. The Company commissioned the Taiwan Investor Relations Institute to conduct the 2023 external performance evaluation of the Board of Directors and functional committees (period: July 1, 2023 to June 30, 2024). This institution and the evaluation experts are independent and have no business dealings with the Company. The independent experts conducted questionnaire surveys and on-site interviews on the five major aspects of the Board of Directors and functional committees, including objectives, organization, professionalism, participation in operation, and internal control. The evaluation report was completed in December 2024. A summary of the report's suggestions is as follows:

1. Planning ahead to have one-third of directors be women: The list of director candidates will be prepared based on the suggestions in 2026.
2. Risk management will be supervised by the Audit Committee or a functional committee at the board level: An Audit and Risk Management Committee will be established in 2025 to supervise risk management.
3. Establishing a succession plan for board members and key management: A first-line manager acting system has been established to train acting managers as succession candidates, and outstanding board candidates are being sought.
4. The Company's Corporate Governance Best Practice Principles has been amended to include a provision that directors are not allowed to trade their shares during the closed period before the release of the financial report: The amendment to the provisions will be completed in 2025.
5. Preparing English version of sustainability report: The English version of the 2023 sustainability report has been completed and uploaded to the MOPS and the company website for stakeholders to download.
6. Holding at least two institutional investor conferences every year: It complies with the suggestions, and we will gradually increase the number of institutional investor conferences to improve company information transparency.
7. Actively promoting environmental and social governance: The Company will be more actively involved in environmental issues, set emission reduction targets and strive to achieve them, assess the impact of climate change, identify opportunities and risks, and increase the number of volunteers and resources to give back society, fulfill social responsibilities, and do its utmost to promote governance in all aspects of ESG.

The external institution's evaluation report and implementation status were presented to the first session of the Board in 2025 on March 11, 2025.

## (II) The operation of the Auditing Committee:

The Auditing Committee convened 4 times in the most recent year (2024). 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	4	0	100%	Reelected to office
Independent Director	Lin Ching-Wei	4	0	100%	Newly elected to office

Independent Director	Ming-I Kuo	4	0	100%	Newly elected to office
Independent Director	Chih-Keng Chen	4	0	100%	Newly elected to office

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 4th meeting of the 3rd term 2024.03.13	1. 2023 Financial Statement. 2. Approved the motion for the statement of internal control system in 2023 3. Passed the evaluation of the independence of CPAs and appointment.	None.	Passed by the members in session with common consent.	Approved by all directors present
The 6th meeting of the 3rd term 2024.08.14	1. Passed the appointment of the Chief Financial Officer. 2. Passed the appointment of the chief auditor.	None.	Passed by the members in session with common consent.	Approved by all directors present
The 7th meeting of the 3rd term 2024.11.13	1. Passed the addition of the internal control system and operating procedures related to the management of sustainable information. 2. Passed the disposal of shares of InnoLux Display Corporation in the open market.	None.	Passed by the members in session with common consent.	Approved by all directors present

(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: There were no conflicts of interest that required recusal from this year's resolutions.

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 four 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, 2024

· The CPAs elaborated the content of the audited consolidated financial statements of 2023 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 14, 2024

· 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 14, 2024

· The CPAs elaborated on the content of the audited consolidated financial statements for the 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, 2024

· 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, 2024

· CPAs conducted a separate video conference to explain and communicate with all independent directors on issues such as 2025 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	Response of the
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			Auditing Committee	Company to the opinions of the Auditing Committee
	The 4th meeting of the 3rd term 2024.03.13	1. Review of the financial statements of 2023. 2. Proposal for the distribution of earnings in 2023. 3. The motion for distribution of cash dividends 4. The review of the evaluation of the effectiveness of the internal control system and the statement of declaration in 2023. 5. Evaluation of the independence and suitability of CPAs and appointment.	Passed by the members in session with common consent.	Approved by all directors present
	The 5th meeting of the 3rd term 2024.05.14	1. 2024 1st Quarter Financial Report.	Passed by the members in session with common consent.	Approved by all directors present
	The 6th meeting of the 3rd term 2024.08.14	1. 2023 2nd Quarter Financial Report. 2. Appointment of the Chief Financial Officer. 3. Appointment of the chief auditor.	Passed by the members in session with common consent.	Approved by all directors present
	The 7th meeting of the 3rd term 2024.11.13	1. CPA change proposal. 2. 2023 3rd Quarter Financial Report. 3. Addition of the Company's internal control system and operating procedures related to the management of sustainable information. 4. Review of the 2025 Audit Plan. 5. Passed the disposal of shares of InnoLux Display Corporation in the open market.	Passed by the members in session with common consent.	Approved by all directors present

(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,	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	
			respond to stakeholders' issues, and enhance information transparency. For related principles and implementation results, please visit the Company's website.	
II. The Equity Structure and Shareholders Equity of the Company	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
(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		(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
(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		(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 authorization limit for material transactions of affiliated enterprises that should be approved by the Board of Directors or shareholders' meeting.	No significant difference
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?				

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 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” and “Procedures for Ethical Management and Guidelines for Conduct” 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 8~11, and 20 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. This year, we will plan to set up a risk management committee to improve the Board of Directors' function in formulating and supervising risk policies.	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	
(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) The Company's 3rd board meeting in 2019 passed the establishment of the "Regulations Governing the Board Evaluation" to conduct performance evaluation annually. In addition, the 3rd board meeting in 2024 passed the amendment to the "Regulations Governing the Board Evaluation", stipulating that "the Board of Directors and functional committees shall be evaluated by an external independent professional organization at least once every three years". According to the revised regulations, the Company appointed the Taiwan Investor Relations Institute to conduct the performance evaluation of the Board of Directors and functional committees in 2023. In addition, the 2024 performance evaluations of the Board of Directors, directors, and committees were completed in February 2025, and two evaluation reports were submitted to the Board of Directors on March 11, 2025. For relevant implementation details, please refer to page 20.	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.	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	
			The 2024 Annual Report has been assessed and passed by the 1st session of the Board in 2024.	
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. The Corporate Governance Officer is responsible for handling the matters of the board and the administrative details of the Shareholders Meeting, providing the board with information on laws and regulations, assisting the directors in legal compliance, preparing the minutes of the sessions of the board and the shareholders' meetings on record, and responding to the questions of the directors and the shareholders, while coordinating with relevant departments to provide professional assistance and implement corporate governance.	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	
			<p>Key business points for 2024 are listed as follows:</p> <ol style="list-style-type: none"> <li>1. Convened four meeting of the Board of Directors, four Audit Committee meetings, six Remuneration Committee meetings, and one Nomination Committee meetings, with minutes prepared.</li> <li>2. The annual general shareholders meeting was held on May 31, and the meeting notice, procedure manual, annual report, and minutes were prepared. The relevant tasks were executed in accordance with the resolutions of the shareholders' meeting.</li> <li>3. Promote insider trading prevention information and assist directors in arranging further training courses.</li> <li>4. Arrange communication meetings between independent directors, CPAs, and audit supervisors.</li> <li>5. Assist directors and managers in understanding the update and promotion of relevant laws and regulations.</li> <li>6. Arrange liability insurance for directors and report the scope of coverage to the board.</li> </ol> <p>Please refer to page 33 for the continuing education of corporate governance supervisors.</p>	
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		<p>The Company's website has established a Sustainability section to disclose issues of concern to stakeholders, communication channels and frequency, and the Company's responses and implementation results for various issues. It also provides spokesperson contact information and relevant business contacts to facilitate stakeholder communication and complaints. For related information, please refer to the Company's website and annual sustainability report.</p>	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		<p>The Company has commissioned "Grand Fortune Securities" to handle the share registration and matters pertinent to the Shareholders Meeting.</p>	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?	V		(I) The Company has set up a Company website to disclose financial, business, and corporate governance information. Website: <a href="http://www.panpi.com.tw">www.panpi.com.tw</a>	No significant difference
(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		(II) The Company has set up a Chinese and English website, and the Investor Relations Department collects the Company's information; and the spokesperson's contact information, as well as the English financial report, investor conference video, shareholders' meeting information, and ESG information are disclosed on the Company's website.	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		<u>Employee rights</u> : 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. <u>Employee care</u> : 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. <u>Investor relations</u> : 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	
			<p>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.</p> <p><u>Supplier relationship</u>: 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.</p> <p><u>Stakeholders' rights</u>: There is a Sustainable Development 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.</p> <p><u>Continual education status for directors</u>: 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.</p> <p><u>Implementation of risk management policies and standards</u>: The corporate governance team of the Company's Sustainability Committee shall meet annually to assess the risk issues that may be faced in operations each year, submit the findings to the board of directors for discussion, and formulate response strategies. The Company plans to establish the Risk Management Committee this year, which is responsible for formulating the risk management policy and monitoring the implementation status, in order to improve the function of the Board of Directors.</p> <p><u>The implementation of customer policy</u>: Implement and maintain good customer interaction.</p> <p><u>Protection of Directors with liability insurance</u>: The Company takes out annual liability insurance for the protection of all Directors and reports this to the Board.</p>	
IX. The state of corrective action taken in response to the corporate governance evaluation result announced by				

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	
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.				
1. Has the Company established and disclosed the internal regulations on the insiders' trading of securities using the undisclosed information in the market, including (but not limited to) the prohibition of directors from trading their stocks in the period of 30 days before the announcement of the annual financial report, and the period of 15 days before the announcement of the quarterly financial report, and the implementation status thereof? The Company will amend the Corporate Governance Best Practice Principles this year, and increase the relevant regulations and promotion.				
2. Are the Company's shareholders' meetings broadcast live or uploaded with uninterrupted audio and video of the entire shareholders' meeting after the shareholders' meeting? The 2024 shareholders' meeting was conducted with online live streaming.				
3. Does the Company have the succession plan for the Board members and key management disclosed on the Company's website or annual report? The succession plan has been disclosed on the Company's website.				
4. Does the Company supervise risk management through the Audit Committee or a functional committee at the board level (such as the Risk Management Committee), and establish risk management policies and procedures approved by the board, disclosing the risk management organizational structure, risk management procedures and their operational status, and report to the board at least once a year? This year, we plan to establish an Audit and Risk Management Committee.				
5. Has the Company's board performance evaluation method, approved by the board, stipulated that an external evaluation be conducted at least once every three years, and has the evaluation been conducted in the evaluated year or the past two years, with the implementation status and evaluation results disclosed on the Company's website or annual report? An external evaluation has been completed, and relevant information is disclosed on the Company's website and this year's annual report.				
6. Has the Company's sustainability report been verified by a third party, and has the English version of the sustainability report been uploaded to the MOPS and the company's website? The 2023 sustainability report has been assured by PwC Taiwan, and the English version of the report has been uploaded to the MOPS and the Company's website.				

Continuing education of the Directors:

Title	Name	Date of training	Organizer	Name of course taken	Hours of training
Chairman	Kuang-Ya Lee	2024/11/26	Republic of China Accounting Research and Development Institute	Common Defects in Financial Statement Review and Common Issues in the Acquisition/Disposal of Assets	3 hours
		2024/12/17		Preparation and Supervision of the Sustainability Report	3 hours
Director	Ying-Shih Huang	2024/11/22	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulation - Knowledge of Senior Executives of TWSE/TPEX-Listed Companies Regarding Supervision by the Competent Authorities	3 hours
				Discussion of the Business Strategies of Taiwan's Companies and M&A Strategies from the View of the Global Political and Economic Situation.	3 hours
Director	Feng-An Huang	2024/08/12	Republic of China Accounting Research and Development Institute	Investigation Practices and Case Study of Corporate Frauds	6 hours
Independent Director	Wen-Jung Cheng	2024/06/18	The National Federation of CPA Associations of the R.O.C.	International Development and Practice of Money Laundering Prevention	3 hours

		2024/07/19		Understanding the Carbon Credit Trading Mechanism	3 hours
		2024/09/19		Audit of Financial Assets	3 hours
Independent Director	Lin Ching-Wei	2024/07/26 : 08/01	Taiwan Institute for Sustainable Energy Research	Sustainable Talent Training Program: Gaining Insights into International Standards and Seizing Sustainability Opportunities	12 hours
Independent Director	Ming-I Kuo	2024/03/20	Securities and Future Institute	Opportunities and Challenges for Taiwan's Industry Transformation Under Geopolitics - PMI/NMI Exclusive Analysis	3 hours
		2024/03/22		Holistic Balanced Wealth Management -Wealth management methods everyone can do to enhance employees' personal financial management and life well-being.	3 hours
		2024/07/26	Taiwan Institute for Sustainable Energy Research	Sustainable Talent Training Program: Gaining Insights into International Standards and Seizing Sustainability Opportunities	6 hours
Independent Director	Chih-Keng Chen	2024/07/03	Taiwan Stock Exchange Corporation	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6 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	2024/03/15	Republic of China Accounting Research and Development Institute	Professional Workshop - How to Apply Robotic Process Automation (RPA) to Enhance Internal Control Effectiveness (Audit Category)	6 hours
		2024/04/23		Practical Analysis of the Latest "Annual Report Preparation" Related ESG Sustainability Policies and Regulations and the Impact of Net-Zero Carbon Emissions on Financial Statements	6 hours
		2024/12/17	Taipei Bar Association	New Challenges for Corporate Governance Officers	3 hours

## (IV) Remuneration committee

(1) Profiles of the members of the Remuneration Committee

April 10, 2025

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 8&9, 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 8&9, 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 8&9, 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 6 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 (%)	Remark
Convener	Lin Ching-	6	0	100%	Newly elected

	Wei				to office
Members	Ming-I Kuo	6	0	100%	Newly elected to office
Members	Chih-Keng Chen	6	0	100%	Newly elected to office

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
2024.01.25 The 4th meeting of the 5th term	Report on 2023 manager performance bonus distribution.	Supplementary information to be discussed at a later meeting.	No opinion, not applicable.
2024.02.05 The 5th meeting of the 5th term	1. The Company's employee performance evaluation method. 2. Distribution of 2023 manager performance bonus.	Passed	No opinion, not applicable.
2024.03.13 The 6th meeting of the 5th term	Proposal for allocation of 2023 employee and director remuneration.	Passed	No opinion, not applicable.
2024.05.14 The 7th meeting of the 5th term	1. Allocation of 2023 director remuneration. 2. The Company's manager salary structure adjustment.	Passed	No opinion, not applicable.
2024.08.14 The 8th meeting of the 5th term	1. Amendment to some provisions of the "Regulations Governing the Evaluation of the Board". 2. Salary and performance evaluation standards for the new Chief Financial Officer.	Passed	No opinion, not applicable.
2024.09.05 The 9th meeting of the 5th term	Distribution of employee remuneration to managers.	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 10, 2025

<div>Condition</div> <div>Identity Name</div>		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 8&9, 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 8&9, 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 8&9, 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 once (1) 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 (%)	Remark
Convener	Wen-Jung Cheng	1	0	100%	Reelected to office
Members	Chih-Keng Chen	1	0	100%	Newly elected to office
Members	Feng-An Huang	1	0	100%	Reelected to office

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
2024.05.14 The 2nd meeting of the 2nd term	Amendment to some provisions of the "Procedures for Board of Directors Meetings".	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 Sustainable Development Committee is a dedicated organization to promote the Company's sustainable development. This year, the Chairman has been appointed as the committee chair, and the President has been appointed as the vice chair to promote business execution. Three issue-specific teams are established, focusing on environmental protection, social inclusion, and corporate governance. These teams, comprised of relevant department heads, are responsible for developing strategies, short-term and long-term indicators, addressing critical issues, and formulating annual plans. Regional business units have also formed ESG implementation teams, which develop and execute plans based on annual indicators to achieve set targets. The progress of GHG inventory and ESG implementation results are reported to the Board of Directors quarterly, and the strategic plans and implementation plans are adjusted based on the board's guidance and suggestions. The 2023 sustainability performance and responses to material issues have been compiled into a sustainability report, which has been assured by PwC Taiwan. The sustainability report was submitted to and approved by the third meeting of the Board of Directors in 2024, and then publicly disclosed in accordance with regulations.	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	
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 Sustainable Development Committee, following the material issues of concern to stakeholders and the materiality principles of the sustainability report, assesses the environmental, social, and corporate governance risk issues that the Company's daily operations will face, and formulates countermeasures for subsidiaries in various regions to develop control plans and contingency plans according to local conditions, avoiding risks and reducing potential harm and losses. The assessment boundary includes the Taiwan headquarters, mainland China, and U.S. subsidiaries, and the risk assessment boundary is the same as the disclosure boundary and the boundary disclosed in the sustainability report. The risk assessment and response strategies have been reported to the fourth meeting of the Board of Directors in 2024. Please refer to page 46 and the Company's website for relevant information.	No significant difference
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		The Company's products span consumer, medical, communication, industrial control, and automotive industries. The plants are distributed in Taiwan, mainland China, Malaysia, Thailand, and the United States. When establishing environmental management systems for each plant, in addition to considering local regulations and customer requirements, international environmental protection trends are considered. According to regional and customer needs, third-party certifications, such as ISO 14001, IECQ QC 080000, ISO 50001, and ISO 14064-1, have been obtained respectively. HongHuaSheng Precision Electronics (YanTai) Co., Ltd.'s plant has also obtained UL 2799 Platinum Zero Waste to Landfill certification. Please refer to the Company's sustainability report and website for relevant information.	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	
(II) Does the Company strive to improve energy efficiency and use renewable materials with low environmental impact?	V		To achieve emission reduction targets, each plant adopts methods, such as replacing electric equipment, improving processes, recovering waste heat, adjusting equipment parameters, improving equipment, replacing old equipment with new, and building solar power installations to improve energy efficiency. The annual electricity savings reached nearly eight million kilowatt-hours, successfully achieving the annual reduction in emission intensity and green energy ratio targets. Please refer to pages 66-67 of the Environmental Friendliness chapter of the Company's 2023 Sustainability Report and the Company's website for relevant implementation details.	No significant difference
(III) Does the Company assess the potential risks and opportunities of climate change to the Company's present and future, and take relevant response measures?	V		Response to the impact of extreme natural disasters caused by climate change. The Sustainable Development Committee, following the TCFD framework, forms a governance organization, formulates strategies, and sequentially conducts climate risk and opportunity assessments in the regions where each plant is located, and produces quantitative financial impact tables to develop response plans, set indicators and targets, and strictly control to reduce the impact of potential risks on operations, enhance business resilience, and seize opportunities to increase revenue and profit. Please refer to pages 36-41 of the Corporate Governance chapter of the Company's 2023 Sustainability Report and the website for relevant information.	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 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 for the past two years, as well as energy conservation and emission reduction policies and results, are disclosed in the annual sustainability report. The boundary includes the Taiwan headquarters and all plants of subsidiaries in the United States and China.	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	
			<p>Short, medium, and long-term targets have been set for carbon emission intensity and energy density. The annual targets have been successfully achieved through equipment and process improvement, replacing old equipment with new, and increasing the proportion of green energy. In addition, through equipment updates and pipeline leak detection, the annual water saving rate reached 15.86%, achieving the water saving target. Waste is managed with zero violations as an indicator, reducing transportation volume as a management policy, and increasing recycling rate. HongHuaSheng Precision Electronics (YanTai) Co., Ltd.'s plant has also obtained UL 2799 Platinum Zero Waste to Landfill certification.</p> <p>Please refer to the Environmental Friendliness chapter of the 2023 Sustainability Report and the Company's website for relevant details.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?</p>	V		<p>The Company has formulated labor policies, personnel regulations, and employee handbooks by referring to the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and to ensure labor rights and enable every employee to understand their rights and methods of safeguarding them. At the same time, employee complaint channels are set up to properly handle complaint cases and prevent recurrence of malpractices. In addition, the Company has strengthened the promotion of employee rights-related issues. The number of education and training sessions in 2024 was 6076, with a total of 7763 hours.</p>	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	
(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. Please refer to the Happy Workplace chapter of the 2023 Sustainability Report and the information disclosed on the Company's website for relevant information.	No significant difference
(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 aims for zero occupational safety accidents and promotes occupational safety policies. In 2024, unfortunately, one occupational accident occurred. Due to a new employee's failure to follow regulations, not wearing protective equipment, and improper operation, a toe fracture occurred. The employee was immediately sent to the hospital for treatment and given appropriate rest. There were no fire incidents. Regarding this incident, the Company immediately produced special publicity to raise employee risk awareness and protect their safety. The Company has arranged occupational safety and health education and training sessions for 16,961 persons-times, for a total of 34,541 hours, in 2024. Each plant has also successively obtained ISO 45001 certification according to the plan. Please refer to the Happy Workplace chapter of the 2023 Sustainability Report for relevant information.	No significant difference
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	V		The Company aims to improve employees' skills and knowledge through diverse learning channels and in-depth and broad training courses, leading employees and the Company to grow synchronously. Therefore, the	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	
(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		Human Resources Department arranges various learning channels and training courses according to job level requirements to enhance employees' professional capabilities and competitiveness, and builds transparent promotion channels to motivate employees to make progress. Please refer to pages 105-107 of the Happy Workplace chapter of the Company's 2023 Sustainability Report for relevant information. The Company focuses on customer rights, and has obtained international standard certifications, such as ISO 9001, ISO 13485, IATF 16949, and IECQ QC 080000 according to customer and product needs, protects customers' trade secrets, and has audit and complaint channels to maintain smooth communication with customers. At the same time, liability insurance is purchased to avoid risks.	No significant difference
(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 grading 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. The 2025 evaluation will also include human rights-related indicators. For items that do not meet the regulations in the monthly evaluation, a preliminary warning will be given and a deadline for improvement will be required. Suppliers that are unable to meet the requirements will be downgraded to grade C and included and in the	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	
			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.	
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 based on the Chinese version of the GRI Sustainability Reporting Standards translated and compiled by the BCSD, the SASB Standards for Electronic Manufacturing issued by the Sustainability Accounting Standards Board (SASB), and the Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), and incorporates the contribution of the United Nations Sustainable Development Goals (SDGs). The report has also obtained limited assurance from PwC Taiwan.	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: Environmental: Through process improvement, replacement of old equipment with new, and equipment adjustment, energy efficiency is improved. At the same time, solar power installations are expanded to increase the proportion of green energy. Annual carbon reduction targets have been successfully achieved. Water saving targets have also been successfully achieved through strict leak detection and prevention of water consumption. Waste management is reported and outsourced according to regional regulations to achieve zero violation targets. Waste reduction policies are followed and recycling rates are increased to achieve a gradual decrease in waste generation. The new Zhonghe Plant office has considered green standards and ergonomics during interior design to build an employee-friendly office environment and will obtain healthy building certification. 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 253 items were donated in 2024, activating material circulation to reduce carbon emissions by 227Kg.  Social: 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 2024. 1. Donation of NT\$100,000 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.				



Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>5. Donation of NT\$60,000 to Huashan Social Welfare Foundation for the daily necessities of disadvantaged groups.</p> <p>6. Donation of NT\$25,000 to the Senior Citizens Club in Anhe Village, Xindian, and the Cian Association for supporting annual activities.</p> <p>7. Sponsorship of NT\$20,000 for the Keelung Island fish fry release and beach cleanup activities to support marine biodiversity activities with funds and actions.</p> <p>8. Sponsorship of NT\$25,000 for the Kaohsiung City Tree Planting Association to support environmental greening and carbon reduction activities.</p> <p>9. Donation of NT\$25,000 to the Taipei City Chaoyang Social Concern Association to meet the needs of the poor and the disadvantaged for resources.</p> <p>10. Donation of NT\$200,000 to the Digital Humanitarian Association for the online health courses and health care in rural communities in New Taipei City.</p> <p>11. Sponsorship of NT\$800,000 for the National Taipei University of Technology’s Formula Racing Team to build electric racing cars and participate in Australian competitions.</p> <p>12. Sponsorship of NT\$300,000 in the Team FRC 8806 of Our Lady of Providence High School in 2024 FIRST Robotics Competition.</p> <p>13. 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.</p> <p>Corporate governance: For the board this year, independent directors held four of the seven directors, or 57%. No employee of the Company concurrently served as a director, ensuring 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.</p>				

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	Planning of carbon neutrality path	Completing carbon inventory according to regulations, formulating carbon reduction plans, and publicly disclosing the carbon neutrality path.
	Climate change - major natural disasters:	Engaging external consultants to simulate the financial impact of potential risks and opportunities based on TCFD guidelines, and developed response plans.
	Severe infectious diseases	We formulate corresponding SOPs and organize backup plans.
Social co-prosperity	Human rights issues	Formulating employee codes of conduct to enhance human rights protection and awareness.
	Workplace safety	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	Formulating information security policy, establishing organizations, and strictly controlling information systems.
	New technology competition	Expanding R&D team capacity to accelerate new technology development timelines.
	Changes in market trends	We carefully analyze market trends and conservatively evaluate investment plans and decisions.
	Legal compliance:	We enhance promotion, raise awareness of compliance, and strictly control stamp usage.

## 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.	The Company adopted the Task Force on Climate-Related Financial Disclosures (TCFD) in 2022 and continues to promote climate governance through the Sustainability Committee to achieve low-carbon operations and environmental sustainability. It was reported to the fourth session of the Board in 2024 with future response strategies formulated. The climate risks and response measures faced by the Company were reported 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 results. In 2023, the Company cooperated with Weathernews Taiwan Ltd. to conduct a flood risk analysis for two key plants (at higher risk), and formulated future countermeasures based on the potential climate financial risks that these plants may bear, which will be disclosed in the ESG report. In 2024, the Sustainability Committee re-examined the TCFD-related items. Given that the overall structure has not changed much, it was decided to maintain the original agenda for planning.
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).	Relevant information will be disclosed on the Company's website, ESG report, and next year's annual report. It is based on the four core aspects of TCFD disclosures: "Governance," "Strategy," "Risk Management," and "Metrics and Targets." Establish a risk framework to identify material risks and opportunities that may affect operations, and propose relevant response strategies. Integrate climate change with corporate governance, business strategies, and risk management. Support corporate climate risk and opportunity decisions with information, and guide the overall shift toward low-carbon economic development with funds. Ultimate goal – to enhance competitiveness during low-carbon transition.
3. Describe the financial impacts of extreme climate events and transitional actions.	Based on the TCFD framework, the Company regularly confirms the financial impact of extreme climate events and its transition actions, and reports to the Board of Directors for subsequent supervision and governance.
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. We review it annually thereafter and analyze the financial risk of flooding for two key plants (at higher risk) 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.
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 regularly assesses whether to implement the transformation plan or formulate the indicators and goals of the relevant plan. Relevant information is disclosed on the Company's website, ESG report, and annual report.
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.	Relevant information is disclosed on the Company's website and ESG annual report. In 2024, the Company has launched rooftop solar stations at two subsidiaries in mainland China. One subsidiary has also started purchasing green certificates, and the data is currently being compiled. Relevant information will be disclosed on the Company's website and ESG annual report. Regarding the emission reduction targets, the annual carbon reduction targets for 2023 (completed) and 2024 (preliminary estimate) have been achieved.
9. Greenhouse gas inventory and certification status.	As shown in the table below.

#### 1-1 Greenhouse gas inventory and certification status

<p>Basic Information of the Company</p> <p><input type="checkbox"/> Companies with a capital of over NT\$10 billion, the iron and steel industry, and the cement industry</p> <p><input checked="" type="checkbox"/> Companies with a capital of over NT\$5 billion but less than NT\$10 billion</p> <p><input type="checkbox"/> Companies with a capital of less than NT\$5 billion</p>	<p>Disclosure required by the Sustainable Development Roadmap for TWSE (GTSM) Listed Companies</p> <p><input checked="" type="checkbox"/> Parent company individual inventory <input type="checkbox"/> Inventory of subsidiaries in the consolidated financial report</p> <p><input type="checkbox"/> Parent company individual certification <input type="checkbox"/> Certification of subsidiaries in the consolidated financial report</p>
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A. Inventory information							
Year of inventory	Scope of data	Boundary	Scope 1 Total emissions (Metric ton CO <sub>2</sub> e)	Scope 2 Total emissions (Metric ton CO <sub>2</sub> e)	Scopes 1 & 2 Total emissions (Metric ton CO <sub>2</sub> e)	Density (Metric ton CO <sub>2</sub> e/NT\$ million)	Scope 3 (Significance) (Metric ton CO <sub>2</sub> e)
2023	Parent company and four plants in China	Parent company	4.2687	52.0005	56.2692	0.0061	Not inventoried.
		Subsidiary Dongguan Plant	126.7471	2643.7125	2770.4596	1.7244	Not inventoried.
		Subsidiary Yantai Plant	1295.6259	65527.6125	66823.2384	14.8574	Not inventoried.
		Subsidiary Jiangxi Plant	373.6847	3461.6982	3835.3829	3.2085	Not inventoried.
		Subsidiary Wuhu	59.8430	2063.3021	2123.1451	0.4191	Not inventoried.

		Plant					
Total			1860.1694	73748.3258	75608.4952	3.4963	NA
2024	Parent company and four plants in China	Parent company (preliminary estimate)	2.1148	46.0909	48.2057	0.0059	12.8060
		Subsidiary Dongguan Plant	Data is still being collected. Due to the large amount of data, it has not been fully consolidated, and the confirmation work has not been completed (data is subject to change). It will be disclosed in the sustainability report after the data is confirmed and verified.				
		Subsidiary Yantai Plant					
		Subsidiary Jiangxi Plant					
		Subsidiary Wuhu Plant					

#### B. Assurance information

2023: Subsidiaries, Yantai Plant and Jiangxi Plant, have obtained ISO 14064-1 organizational-level greenhouse gas inventory verification certificates.

2024: The ISO 14064-1 organizational-level greenhouse gas inventory verification for the parent company, and subsidiaries, Dongguan Plant, Yantai Plant, Jiangxi Plant, and Wuhu Plant is in progress and the certificate is expected to be obtained in July-August 2025.

#### C. Reduction targets

The Group adopts 2022 as the baseline year\*. Target: Emission intensity, short-term target: Down by 1.5% per year (under the same conditions); medium-term target: Down by 7.5% in 5 years; long-term target: Net-zero emissions by 2050.

The short-term target was achieved in 2023, and data for 2024 is still being collected and will be disclosed in the ESG report.

\*Baseline-year (2022) boundary includes locations: The parent company in Taipei, and mainland China subsidiaries: Dongguan Plant (Dongguan Pan-International Precision Electronics Co., Ltd.), Jiangxi Plant (New Ocean Precision Component (Jiangxi)), Yantai Plant (Honghuasheng Precision Electronics (Yantai) Co., Ltd.), and Wuhu Plant (CJ Electric Systems Co., Ltd.).

Relevant information will be disclosed on the Company's website and ESG annual report.

(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

Evaluation items	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	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" were approved by the Board of Directors 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 Corporate Governance chapter of the 2023 Sustainability Report and the Company's website.	No significant difference
(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?				
(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) The Company has established a risk assessment mechanism for unethical conduct in accordance with the "Procedures for Ethical Management and Guidelines for Conduct," and, in conjunction with internal audits, specifically reviews situations, such as bribery and acceptance of improper benefits, to prevent corruption risks. Meanwhile, the Company has strengthened its advocacy 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 and revision?	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 2nd meeting of the board in 2024. The establishment of the ethical management policy and plans for	No significant difference

Evaluation items	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Summary description	
			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. Transactions will be immediately terminated in case of violations.	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 implementation in 2023 has been reported to the second meeting of the board in 2024.	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 accountants to conduct audits on unethical practices?	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 set key audit items and 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 routine reporting to the Auditing Committee and the board.	No significant difference

Evaluation items	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Summary description	
(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 2024 with 7,701 people participating, with a total of 10,916 hours of classes.	No significant difference
III. The reporting system of the Company in practice	V		(I) The Company has established a reward, punishment, and appeal system according to the "Integrity Management Operating Procedure and Action Guideline." Employees and external units 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
(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		(II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" stipulate the procedures for handling reports, conducting investigations and punishments in accordance with regulations, and strictly implementing confidentiality measures for the reporter's information and the investigation process.	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		(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 of whistle-blowing.	No significant difference
(III) Has the Company taken any measures for the protection of the informants from suffering undue treatment?	V			
IV. Enhancement of information				



Evaluation items	The operation			Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Summary description	
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 managers and employees. Employees, suppliers, and customers must sign an integrity commitment letter to pledge integrity and anti-corruption. We have also established a reporting mechanism and strengthened the awareness The integrity-related content disclosed in the 2023 Sustainability Report has been assured by PwC Taiwan. 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](http://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](http://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 11, 2025

The Company has conducted self-assessment of its internal control system in 2024 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, 2024, 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 11, 2025, 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) 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 May 31, 2024, resolutions made by all Shareholders in session and implementation of the resolutions:

Resolutions	Status of implementation
Passed the 2023 Business Report and Financial Statements	-
Passed the proposal for distribution of earnings in 2023	Cash dividend at NT\$1.3 per share will be paid to shareholders, payment was completed on September 25, 2024.

2. Major resolutions of the board as of the publication date of the 2024 annual report:

Date	Important resolutions:
2024.3.13	<ol style="list-style-type: none"> <li>1. Passed the financial statements of 2023.</li> <li>2. Passed the proposal for allocation of 2023 employee and director remuneration.</li> <li>3. Passed the proposal for distribution of earnings in 2023.</li> <li>4. Passed the motion for distribution of cash dividends</li> <li>5. Passed the motion for formulation of matters related to the shareholders' meeting in 2024.</li> <li>6. Passed the evaluation of the effectiveness of the internal control system and the statement of the internal control system in 2023.</li> <li>7. Passed the evaluation of the independence and suitability of CPAs and appointment for the Company.</li> <li>8. Passed the Company's Procedures Governing the Salary and Remuneration of Managers.</li> <li>9. Passed the ratification of the performance bonuses of the Company's managers in 2023</li> </ol>
2024.05.14	<ol style="list-style-type: none"> <li>1. Passed the Company's 2024 1st quarter consolidated financial report proposal.</li> <li>2. Passed the amendments to some provisions of the "Procedures for Board of Directors Meetings".</li> <li>3. Passed the allocation of 2023 director remuneration.</li> <li>4. Passed the Company's manager salary structure adjustment.</li> </ol>
2024.08.14	<ol style="list-style-type: none"> <li>1. Passed the Company's 2024 2nd quarter consolidated financial report proposal.</li> <li>2. Passed the ex-dividend record date and related matters for 2024.</li> <li>3. Passed the amendment to some provisions of the "Regulations Governing the Evaluation of the Board".</li> <li>4. Passed the Company's 2023 Sustainability Report.</li> <li>5. Passed the motion for the Company to apply for a credit line from a financial institution and sign a contract to meet its needs for operating turnover and interest and exchange rate risk management.</li> <li>6. Passed the appointment of the Company's Chief Financial Officer.</li> <li>7. Passed the appointment of the Company's chief auditor.</li> </ol>
2024.11.13	<ol style="list-style-type: none"> <li>1. Passed the CPA change proposal.</li> <li>2. Passed the 2024 3rd quarter consolidated financial report proposal.</li> <li>3. Passed the addition of the Company's internal control system and operating procedures related to the management of sustainable information.</li> <li>4. Passed the 2025 Audit Plan.</li> <li>5. Passed the 2025 Business Plan.</li> <li>6. Passed the disposal of shares of InnoLux Display Corporation in the open market.</li> <li>7. Passed the change of the Company's registered address.</li> <li>8. Passed the ratification of the 2023 distribution of remuneration to employees.</li> </ol>

(XII) 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.

#### IV. 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	Jen-Chieh Wu Chieh-Ju Hsu	January 1, 2024- December 31, 2024	4,680	15,200	19,880	-

Note: Services included transfer pricing, preparation of group enterprise main files, CPA certification and audit of non-managerial employees' salary declarations, audit of CFC financial statements/tax reports, and equity acquisition due diligence and sustainability report assurance fee.

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.

#### V. Information on replacement of CPAs:

(I) Regarding former CPA:

Change date	2024.11.13		
Describe reason for replacement	Due to internal rotation at PwC Taiwan, one of the Company's CPAs, Yung-Chien Hsu, was changed to Chieh-Ju Hsu from Q3 2024.		
Explain why the appointee or CPA is terminated or refuses to accept appointment	Contract party	CPA	Appointers
	Status		
	Voluntary termination of appointment	-	-
	No longer accept (continue) appointment	-	-
Review report opinions other than the unqualified opinions issued within the latest 2 years, and why they exist	No such situation.		
Is there any disagreement with the issuer?	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Scope or steps of inspection
		-	Other
	None.	V	
	Explanation		

Other disclosure items (items that must be disclosed according to Points I-IV to I-VII, Subparagraph VI, Article X of this provision).	No such situation.
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(II) Regarding successor CPA:

CPA firm name	PwC Taiwan
Name of CPA	Chieh-Ju Hsu
Date of appointment	2024.11.13
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	No such situation.
Written opinion by the successor CPA on the dissenting opinion of the former CPA.	No such situation.

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

VI. 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.

VII. The changes in the transfer or pledge of equity shares by Directors, managers, and shareholders holding more than 10% of the shares issued by the Company in the most recent year to the day this report was printed:

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

Unit: Shares

Title	Name	2023		As of March 28, 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	1,000	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
President	Ming-Feng Tsai	0	0	0	0
Accounting Supervisor	Chih-Hao Tai	0	0	0	0

Chief Financial Officer	Yun-Keng Liu	0	0	0	0
Major shareholder	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.

VIII. 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	Title (or name)	Relation	
Hon Hai Precision Industry Co., Ltd. Representative: Young Liu	107,776,254	20.79%	0	0	0	0	Hong Yuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.;	Investors whose investment is evaluated using the equity method	
	0	0%					--	--	
Hong Yuan International Investment Representative: Te-Tsai Huang	17,941,593	3.46%	0	0	0	0	Hongchi International Investment Co., Ltd.	Same Person as Chairman	
	0	0%					--	--	
Standard Chartered Bank (Taiwan) Limited as custodian of LGT	12,385,000	2.39%	0	0	0	0	--	--	
Goldman Sachs International accounts held in custody by HSBC (Taiwan) Commercial Bank	7,614,717	1.47%	0	0	0	0	--	--	
Hongchi International Investment Co., Ltd. Representative: Te-Tsai Huang	7,595,399	1.47%	0	0	0	0	Hong Yuan International Investment Co., Ltd.	Same Person as Chairman	
	0	0%					--	--	
University Retirement account held in custody by Deutsche Bank Taipei Branch.	5,829,000	1.12%	0	0	0	0	--	--	
Vanguard Star Funds account held in custody by Standard	5,297,613	1.02%	0	0	0	0	--	--	



Chartered Bank, Business Department.									
Cheng, Chun- Chung	4,598,000	0.89%	0	0	0	0			
Standard Chartered Bank (Taiwan) Limited as custodian of LGT (Asia) Company	4,078,000	0.79%	0	0	0	0	--	--	
Japan Securities account held in custody by Standard Chartered Bank, Business Department.	4,044,000	0.78%	0	0	0	0	--	--	

IX. The quantity of shares, and combined with the proportion of overall shareholding held by the Company, Directors of the Company, managers, and business entities under the direct or indirect control of the Company on a particular investee company, the ratio of overall shareholding in combination in the calculation.:

**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.	8,220	100%	—	—	8,220	100%
Pan-International Electronics Inc.	28,000	100%	—	—	28,000	100%
Yann-Yang Investments Corp.	33,316,236	100%	—	—	33,316,236	100%

### Three. Solicitation of Capital

#### I. Capital and Shares

##### (I) Source of Equity

**Source of share capital**

Unit: NTD / Share

Month/ Year	Price of Issua nce	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	Oth ers
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 July 16, 2014 Jin-Guan-Zheng-Fa-Zi No. 1030027194

Type of Shares	Authorized 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) 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	Number of shares held	Shares Ratio
Name of major shareholders		
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%
Hong Yuan International Investment	17,941,593	3.46%
Standard Chartered Bank (Taiwan) Limited as custodian of LGT	12,385,000	2.39%
Goldman Sachs International accounts held in custody by HSBC (Taiwan) Commercial Bank	7,614,717	1.47%
Hongchi International Investment Co., Ltd.	7,595,399	1.47%
University Retirement account held in custody by Deutsche Bank Taipei Branch.	5,829,000	1.12%
Vanguard Star Funds account held in custody by Standard Chartered Bank, Business Department.	5,297,613	1.02%
Cheng, Chun-Chung	4,598,000	0.89%
Standard Chartered Bank (Taiwan) Limited as custodian of LGT (Asia) Company	4,078,000	0.79%
Japan Securities account held in custody by Standard	4,044,000	0.78%

Chartered Bank, Business Department.		
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### (III) 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\$1.1 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.

### (IV) 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.

### (V) 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\$62,126,369 and remuneration for directors was NT\$6,212,636.

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

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

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	74,429,227	74,429,227	—	—
2. Employee shares				
(1) Shares	0 shares	0 share	—	—
(2) Amount	0	0	—	—
(3) Stock price	—	—	—	—
3. Director and supervisor remuneration	7,442,923	7,442,923	—	—

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

(VI) 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.

## Four. 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) Waterproof cable for Heavy vehicle
- (9) Mining Machine PCB & Assembly
- (10)Server/Switch PCB & Assembly
- (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.
- (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) In 2024, China's market experienced severe involution, with many car manufacturers, despite having decent business, aggressively suppressing the prices of various component materials. Although the automotive wire harness market maintained its volume due to the continuous strong export of domestic cars, gross profit continued to decline sharply. This phenomenon is currently ongoing.
- (5) The increasing popularity of new energy vehicles in the future will also directly boost significant demands for charging equipment and electric vehicle batteries, and the need for battery pack wiring harnesses and charging cables will also gradually grow. In terms of high-voltage lines and connector parts, the popularity of electric vehicles and motor system integrations will create many new specifications and increase energy storage equipment.
- (6) 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.



- (7) 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.
- (8) In recent years, the bicycle market has shown a decline in sales for traditional bicycles while sales for electric bicycles have continued to grow. In many countries, bicycles are commonly used for daily commuting and holiday trips. To satisfy consumer demands for "faster, farther, and more interesting" bicycle rides; electric bicycles have already become the trend of bicycle development for the future. European bicycle component manufacturers have boldly predicted that the sales of electric bicycles will account for over 65% of all bicycles for the next decade. Although the battery of some electric bicycles is placed in the frame, the waterproof cables must be customized due to high electronization, which may result in high unit price. These products have strong development potential after profit rationalization.
- (9) 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.
- (10) 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, due to global geopolitical

reasons, many medical customers are still observing subsequent changes and dare not make decisions on future production bases. Many still maintain their original production locations.

- (11) 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.

- (12) 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.

- (13) 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.

- (14) 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. Currently, many customers in emerging industries tend to choose Penang as their second production base, while old electronic product OEM customers prefer to choose lower-cost Thailand for processing and production.

- (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.

- (8) From the perspective of new industries and new trends, digital cryptocurrency is gradually revealing some specific demands due to international geopolitical factors, which directly affects the demand for mining machines, and they fluctuate with the price of cryptocurrency. The performance of the chips used in the mining machines themselves also plays an important role in the stability of the demand for the mining machines themselves. Also, the demand for cloud computing is increasing day by day. With the AI trend that has risen in recent years, the demand for AI switch OEM is also increasing. Many customers choose to add overseas manufacturing locations to implement a two-pronged strategy to avoid geopolitical risks in advance.

### 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, consumer electronics, 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:

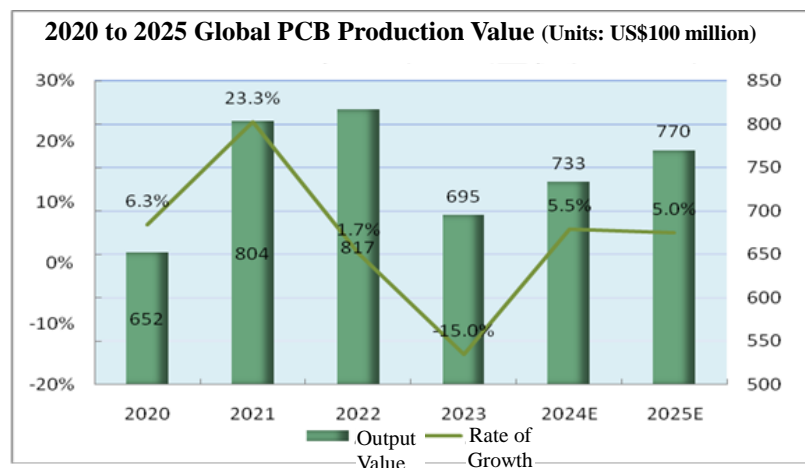
Since 2024, the overall demand in the consumer electronics industry has been more optimistic than last year. The foldable mobile phone market has developed rapidly, increasing the demand for flexible circuit boards. The popularization of intelligent vehicles, electric vehicles, and autonomous driving technology has rapidly increased the demand for mid-to-high-end PCB products, such as automotive ADAS and automotive radar. The development of 5G technology has placed higher demands on high-performance, high-density PCB products, driving the demand in the communication PCB market. The rise of emerging technologies, such as the Internet of Things (IoT), artificial intelligence (AI), big data, and VR/AR has spawned new products, such as wearable devices, and AI servers, bringing new market opportunities to the PCB industry.

Entering 2025, market demand remains diversified, mainly in the following directions: Growth driven by new energy vehicles: With the rapid growth of the global

new energy vehicle market, the demand for PCBs in electric vehicle control systems, power battery management systems (BMS), and automotive entertainment systems has increased significantly. Promotion of 5G communication applications: The popularization of 5G base stations and end-use equipment will increase the market demand for high-frequency and high-speed PCBs (such as fluororesin-based PCBs). Expansion in the industrial and medical fields: The demand for industrial control equipment in the trend of Industry 4.0 and intelligent manufacturing, as well as the precision of medical equipment, will also drive innovation in the PCB industry. Consumer electronics upgrades: The rise of emerging products, such as AR/VR equipment, smart home products, and wearable devices will bring new growth momentum.

The global PCB output value and growth rate from 2019 to 2025E are shown in the figure below:

(Units: US\$100 million)



From the perspective of technological innovation, in the high-density interconnect (HDI) technology module of PCBs, with the trend of thin and light and miniaturized smart devices, the demand for HDI PCBs will continue to increase, especially in consumer electronics and smart phones. Flexible and rigid-flex board modules, flexible printed circuit boards (FPC) will become more popular, used in wearable devices, 5G terminals, IoT devices, etc., while rigid-flex boards are widely used in devices that require structural complexity. Multi-layer and ultra-high-layer board modules, in order to support high-performance computing and storage needs, data centers and high-performance computing equipment will require more multi-layer and high-layer PCB designs. Embedded technology modules, embedded component technology will expand in high-end products to meet higher requirements for performance and integration.

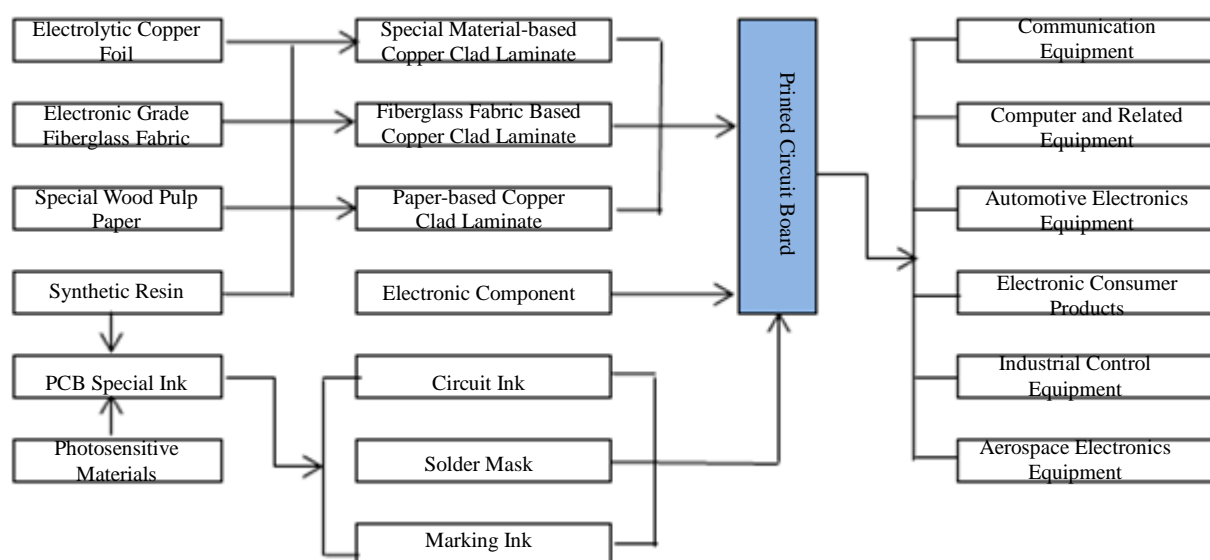
In the future, the PCB industry will continue to develop in the direction of high-end, intelligent, green, and regionalized, especially in hot areas, such as 5G, new energy vehicles, and Industry 4.0. Demand growth will drive technological iteration and market upgrades. Enterprises need to focus on innovation capabilities, green manufacturing, and



global supply chain layout to meet challenges and seize opportunities.

## (2) PCB industry chain:

From the industrial chain perspective, 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 in 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 2023 was NT\$ 477,370 thousand, accounting for 1.86% of revenue.

The R&D expense in 2024 was NT\$ 453,132 thousand, accounting for 2.08% 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. provides niche products in addition to the existing industrial control and consumer wiring harnesses, carries out sales promotion with some market standard products (e.g. 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. The Company 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. Meanwhile, 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 automotive boards, Mini LED, servers, and ADAS.

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 srmx.com, increasing its capabilities in raw material price negotiations or seeking alternative suppliers, while continuing to promote the reduction of raw material costs.

The challenges facing the PCB industry include environmental protection pressure, market competition, and technical bottlenecks. Among them, environmental protection pressure comes not only from the implementation of domestic policies and regulations, but also from the increasing strictness of environmental inspections in the international market. Therefore, the PCB industry needs to accelerate technological research and development and improve environmental protection capabilities to adapt to the global environmental protection trend. Green manufacturing and sustainable development will become more important. First, global environmental requirements for the electronics manufacturing industry are becoming increasingly strict. Low energy consumption, lead-free, and environmentally friendly materials will become important trends in PCB manufacturing. Second, the concept of a circular economy, the research and development and application of recyclable and degradable materials will gradually become the focus of the industry. Therefore, the PCB industry needs

to improve the application of smart manufacturing technology, and optimize production processes through AI, big data, and the Industrial Internet of Things (IIoT) to improve resource utilization.

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	Percentage (%)
1. Mainland China	7,774,498	36
2. Hong Kong	3,927,178	18
3. Taiwan	2,797,014	13
4. Malaysia	2,512,968	12
5. United States	1,719,187	8
6. Singapore	1,624,322	7
7. Other	1,465,668	6
Total	21,820,835	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.

There are certain requirements of industrial robot arms and industrial drag chain cables for the flexibility of wire harnesses and the tolerance of harsh environments. Industrial wires, wire harnesses, and wire harness assemblies have certain difficulty levels and relatively good profits. Overcoming product difficulties is also paving the way for the next stage of humanoid robot wire harnesses.

## (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 era of rapid development of electronic equipment, the PCB industry is facing unprecedented opportunities and challenges. The development of lightweight, smart, and high-performance electronic equipment has accelerated the market demand for PCB products. The technological innovation and product evolution in the industry will bring abundant investment opportunities to enterprises and investors. By understanding the industry's leading companies, we can gain a deeper understanding of the three major trends in the future PCB industry: the dominance of major players, the high-end trend of products, and the global layout.

We can see that the the PCB industry's major players are becoming more dominant. The concentration of the market continues to increase, and the leading enterprises that have accumulated extensive resources in the early stage occupy obvious advantages in technology, customers, and talents. In the fiercely competitive market environment, leading enterprises are deeply tied to well-known global customers and participate in the customer's research and development process, thereby obtaining important cooperation opportunities. This relationship not only enhances such companies' market position, but also steadily facilitates technological iteration and innovation.

As some market analysts have said, the winners in the future PCB industry will be those companies that can adapt to and rapidly respond to market changes. For investors, paying attention to the dynamics of leading enterprises is the key to understanding market trends. For example, some well-known PCB manufacturers have exerted their efforts in cutting-edge fields, such as smart phones, 5G, and autonomous driving, and their future performance growth potential is worth close attention from investors.

The inevitability for the high-end trend of products, with the continuous evolution of AI and automotive electronic technology, the high-end demand for PCB products is becoming more and more urgent. From foldable mobile phones to autonomous driving vehicles, modern electronic equipment puts forward stricter requirements for the structure and performance of PCBs. To meet this demand, PCB manufacturers must increase R&D investment and design new product architectures that meet future market demands.

As for the strategy of global layout, global layout is becoming a new channel for PCB market expansion. With the continuous growth of global electronic product market demand for customized and high-end PCB products, the internationalization strategy of enterprises has become an inevitable path. Many leading enterprises have gradually built a global production and sales network through overseas factories, mergers and acquisitions, and strategic alliances. This not only effectively enhances companies brand awareness but also enables them to better respond to market changes.

To sum up, the PCB industry is in a critical period of technological innovation and industrial structure adjustment. The dominance of major players, the high-end demand for products, and the global layout strategy are the key driving factors in the future market. For investors, keeping abreast of these three major trends will bring them rich investment returns. It is foreseeable that the future PCB market will be more diverse and complex, and enterprises can only move forward steadily by keenly capturing opportunities in the fierce competition.

### 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 national key strategic, basic, and leading pillar industry, and launched a development plan for the new energy vehicle industry, the industrial internet innovation and development action plan, and the dual gigabit network collaborative development action plan, among other programs, to support and guide the development of 5G communications, new energy vehicles, the IoT, and the industrial internet. This is conducive to the local development of PCB.



- G. The rapid development of new-generation information technology, new energy vehicles, and smart security brings new opportunities for the PCB industry.
- 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. The demand for automotive wire harnesses has gradually slowed down and the gross profit has decreased, which has reached a peak risk.
- 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. In addition to the fierce competition in the Chinese domestic demand market, red supply chain competition has also emerged in the Southeast Asian market.
- G. To cope with many uncertainties, many customers adopt a two-pronged strategy. Although there are forecasts for large orders, whether the orders will be eventually placed is not guaranteed even by the customers themselves. High uncertainty is both an opportunity and a risk.
- H. With the rapid development of China's economy, its labor costs continue to rise. Coupled with the aging of the population, the number of working-age population shows a downward trend. The rising labor costs will put certain pressure on operations.
- I. 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.

J. 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. Expanding the customer base to cover multiple industries, such as consumer electronics, communications, industry, and automobiles, will better alleviate the seasonal and cyclical impacts of customer operations and stabilize revenue and profits.
- I. 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.
- J. Maintain the image of corporate integrity management, protect the environment, care for the community, and establish a sustainable business model.

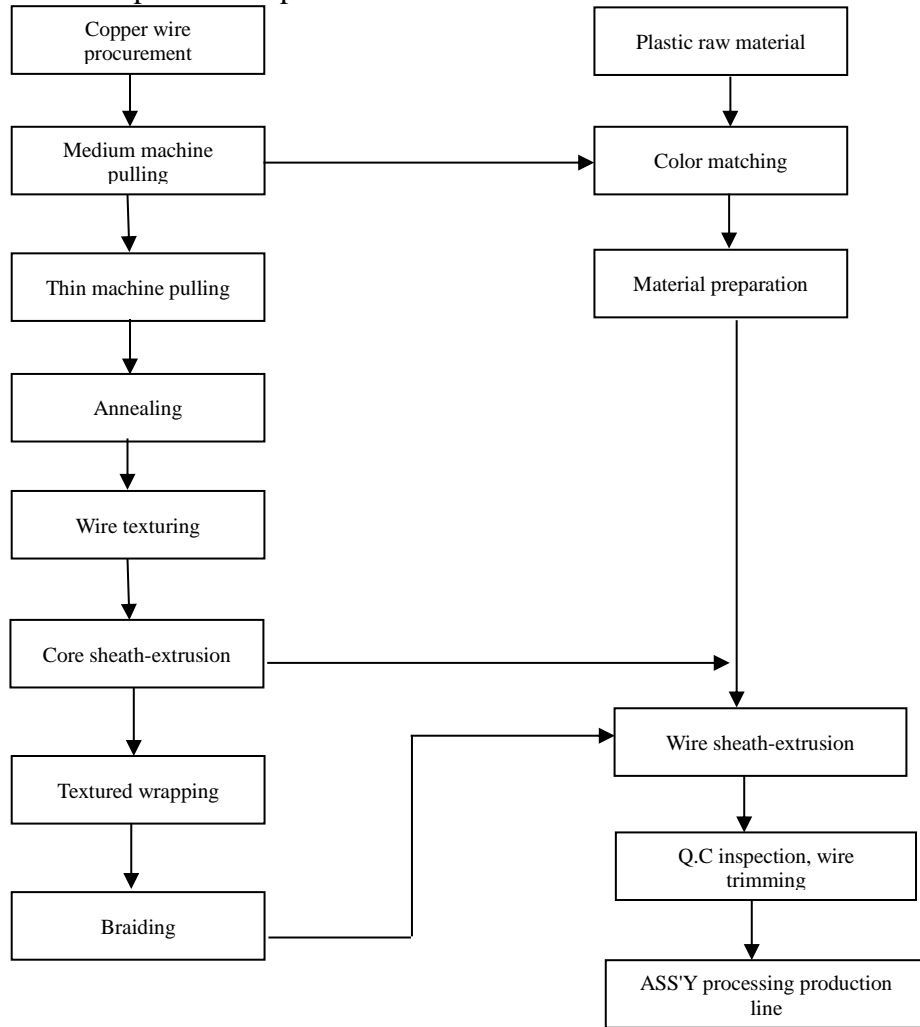
## II. Important Purpose and Production Process for Main Products

### (1) Important purpose for main products

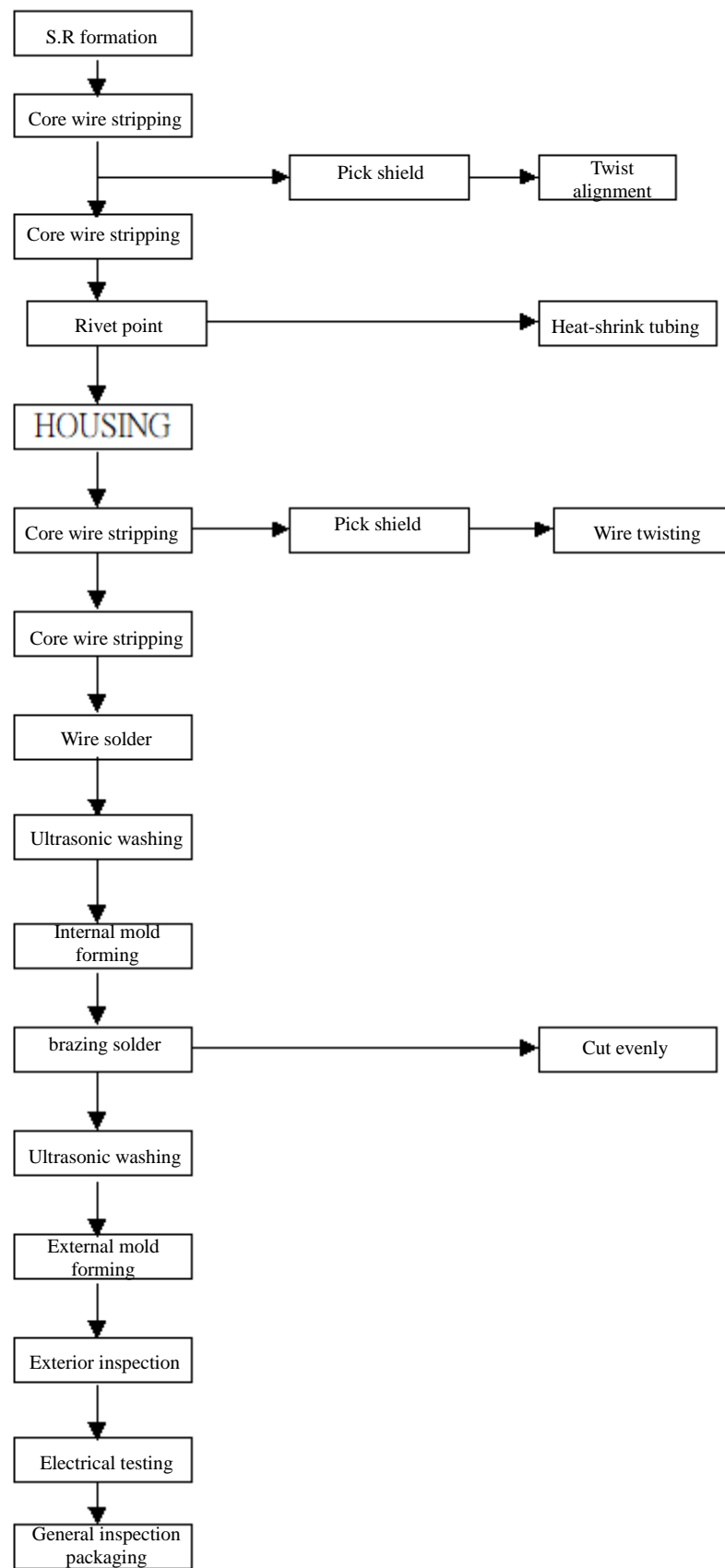
Key products	Main functions
1. Raw Cables	Applicable to electronic signal transmission by monitors, photocopiers, and other computer peripheral products, computer systems, communication systems, and networks.
2. Connectors	Various connectors between computers, communication systems, home appliances, 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 services	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

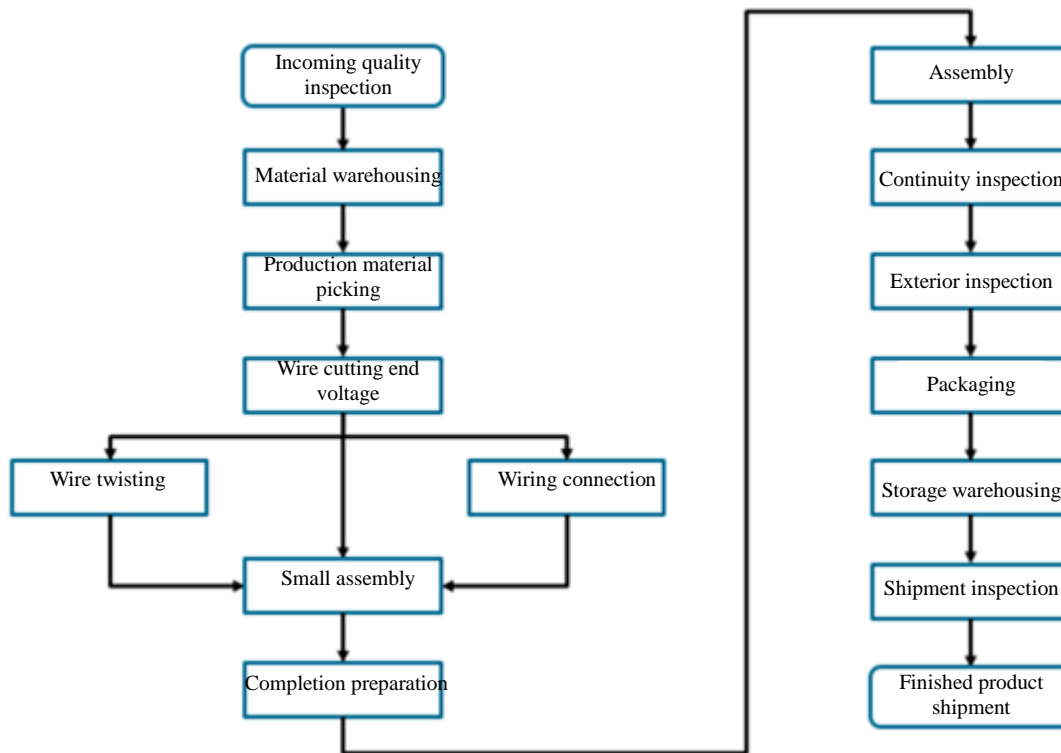
### 1. Wire production process



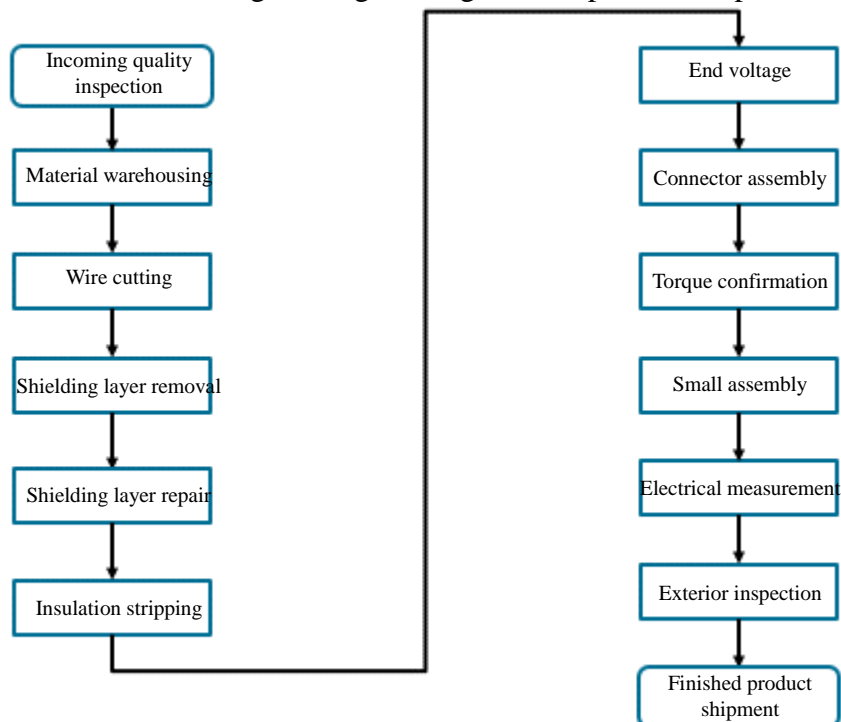
## 2. Connection line production process



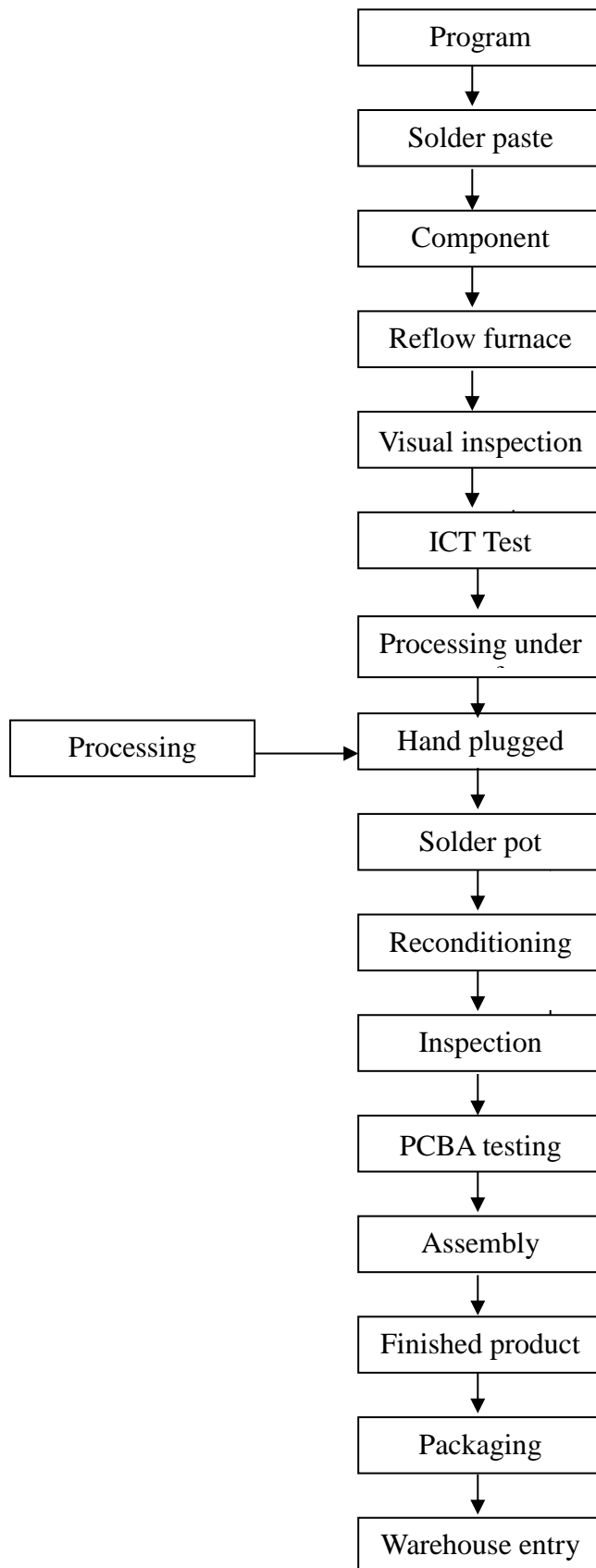
### 3. Automobile low-voltage wiring harness production process



### 4. Automobile high voltage wiring harness production process

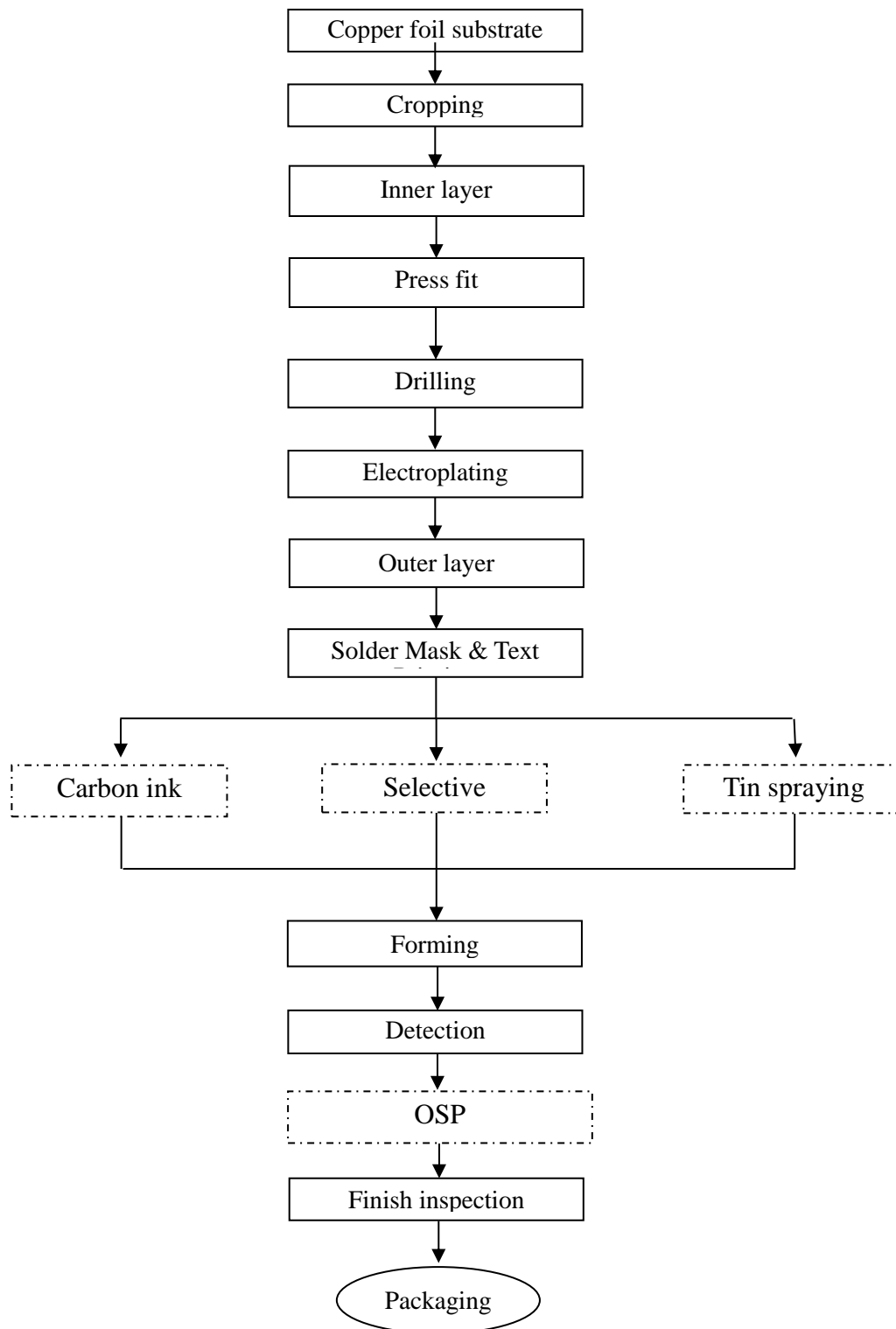


## 5. Computer peripheral products and parts turnkey processing flow



## 6. PCB manufacturing process

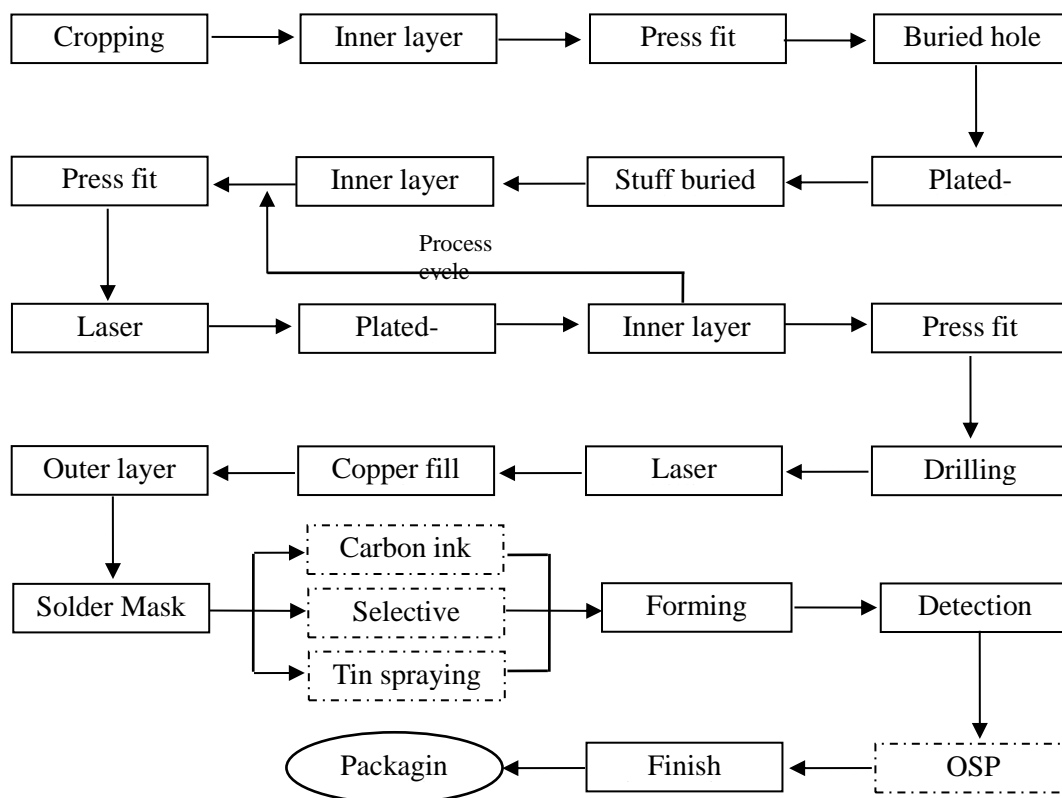
### 6.1 Traditional board



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.
Terminals	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

	2023				2024			
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	2,856,395	16	Investment companies evaluated using the equity method of the Company	Hon Hai Precision Industry Co., Ltd. and subsidiaries	1,816,835	12	Investment companies evaluated using the equity method of the Company
2	--	--	0	--	Manufacturer A	1,446,635	10	None.
	Others	15,295,238	84	--	Others	11,515,568	78	--
	Net purchase amount	18,151,633	100	--	Net purchase amount	14,779,038	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

	2023				2024			
Item	Name	Amount	P e r c e n t a g e accounted for to annual net sales (%)	Relation with the I s s u e r	Name	Amount	P e r c e n t a g e accounted for to annual net sales ( % )	Relation with the I s s u e r
1	Hon Hai Precision Industry Co., Ltd. and subsidiaries	5,742,428	22	Investment companies evaluated using the equity method of the Company	Hon Hai Precision Industry Co., Ltd. and subsidiaries	5,066,366	23	Investment companies evaluated using the equity method of the Company
	Others	19,891,830	78	--	Others	16,754,469	77	--
	Net sales amount	25,634,258	100	--	Net sales amount	21,820,835	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.

### III. Working staff

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

Year		2023		2024		As of March 31, 2025	
		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	Employees	63	2,001	63	2,281	62	2,171
	Operating staff	0	6,898	0	6,752	0	6,708
	Total	63	8,899	63	9,033	62	8,879
Average age		39.30	49.19	46.27	41.23	46.45	41.57
Average year of service		8.20	14.95	12.20	9.12	12.29	9.29
Education distribution ratio	Doctorate	--	--	--	0.06	--	0.06
	Master's degree	15.87	0.47	23.81	0.38	24.19	0.37
	College/University	73.02	18.92	68.25	18.26	67.75	18.44
	Senior high school	9.52	14.55	6.35	23.82	6.45	23.14
	Lower than high school	1.59	66.05	1.59	57.48	1.61	57.99

### IV. Environmental protection expenditure information

In the most recent year and as of the date of publication of the annual report, the losses (including compensation) due to environmental pollution (the date of punishment, the reference number of the penalty document, the articles of law violated, the content of the law violated, and the content of the penalty document shall be listed, and the estimated amount of possible expenses at present and in the future and the countermeasures shall be disclosed. If it is impossible to reasonably estimate the facts, the reasons for the inability shall be stated: The Company has no such situation.

We strive to achieve annual carbon emission reduction targets through various channels, including improving equipment/processes, recovering waste heat, replacing old equipment with new, preventing leaks, increasing recycling rates, building solar power installations, and increasing the proportion of green energy. The total investment in related projects in 2024 reached more than NT\$ 950 million. Furthermore, as governments

around the world increasingly tighten controls on environmental protection-related items and regulations and follow various UN environmental protection initiatives, the Company is gradually investing more resources to obtain various emission licenses, strictly control hazardous substances (chemicals), and continuously invest in green energy to maintain zero environmental accident.

Upstream suppliers in the sustainable value chain also play an extremely important role in overall environmental protection issues. We work with suppliers to comply with regional environmental regulations, strictly control prohibited substances, develop alternative green materials, and adhere to responsible mineral procurement policies, etc., to assume the responsibilities and obligations that should be borne in the sustainable value chain.

The Company's future environmental goals will continue to enhance the environmental awareness of employees and the supply chain system, formulate short-term (annual), medium-term, and long-term carbon and emission reduction targets, increase resource recycling and reuse rates, increase the proportion of green energy use, and expand efforts to environmental protection in the regions where it is located, etc., to fulfill corporate environmental protection responsibilities. Environmental protection-related expenditures will also be appropriately adjusted according to the annual budget status and practical needs. For environmental protection-related information and implementation results, please refer to the Company's website and annual sustainability report.

## **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 preferential 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) The Company has established a definitive pension allocation retirement

method in accordance with the "Labor Pension Act," which is applicable to all domestic 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. Cybersecurity Management :**

(I) Cybersecurity risk management framework, cybersecurity policy, specific management plans, and resources invested in cyber security management:

1. Cybersecurity risk management framework:

The Company has established an IT Department responsible for information security management and planning and implementing information security operations. An Audit Department has been established to supervise the implementation status and track and improve audit defects. The corporate governance team was established under the Sustainable Development Committee to integrate ESG and information security management to strengthen corporate sustainable governance.

2. Cybersecurity policy:

[Commitment to ensuring the information environment required for company development, continuous operation without interruption]-The Company is committed to protecting information assets, ensuring continuous business operation, and reducing information security risks. In line with the Company's sustainable development strategy, the Company establishes a comprehensive information security governance mechanism to ensure the security of production and operation. This policy applies to all employees, suppliers, and external partners of the Company, covering all information systems, data, and networks. All personnel accessing the Company's information assets must comply with this policy.

3. Cybersecurity management

(1) Asset management and system security: Establishing an information asset management system and implementing appropriate protection measures. Implementing system protection mechanisms and updating them regularly,

and establishing system update procedures. Implementing office and production network segmentation to ensure production system security and maintain stable production operations. Implementing change management for important systems to ensure stable system operation.

- (2) Access control: Implementing system access control, regularly reviewing user permissions, and implementing special control for important systems. Establishing complete account management procedures to ensure that relevant system permissions can be processed in a timely manner when personnel changes occur.
- (3) Data protection and backup: Implementing data encryption and access control, strengthening production-related data protection, and prohibiting storing company data on unauthorized devices. Implementing a data backup mechanism and regularly performing backup and restore drills to ensure data security.
- (4) Incident reporting and response: Establishing information security incident reporting and response procedures, with the IT Department conducting incident investigation and handling relevant matters. Establishing a cross-departmental crisis response team to assess the impact of incidents and develop response strategies.
- (5) Education, training, and compliance management: The IT Department regularly offers information security education and training to strengthen personnel's information security awareness. Formulating information security codes of conduct, and the Audit Department conducts relevant audit operations to ensure implementation.
- (6) Legal compliance: Complying with relevant regulatory requirements, regularly reviewing regulatory changes, and adjusting management measures in a timely manner. Realizing the Company's commitment to sustainable business operations through sound information security governance.

#### 4. Cyber security implementation status

The main items completed this year include the establishment of off-site backup mechanisms for core services in various plants, the comprehensive upgrade of the official website's security (Security Score Card (SSC) score increased to A level), and the promotion of ISO 27001 information security management system courses. The 2024 cyber security education and training focused on information security training and the introduction and clause analysis of the ISO 27001 system. A total of 96 people participated in the training, with a total of



105 class hours.

- (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.**

## Five. Financial Status and Financial Performance Review Analysis & Risk Matters.

### I. Financial Status:

Unit: NTD thousand

Item \ Year	2023	2024	Variation	
			Increase (decrease) amount	Percentage (%)
Current assets	17,709,701	17,576,307	(133,394)	-1%
Property, plant, and equipment	2,817,342	3,830,436	1,013,094	36%
Intangible asset	53,672	67,514	13,842	26%
Other assets	610,526	121,465	(489,061)	-80%
Total assets	24,397,209	24,638,104	240,895	1%
Current liability	8,587,612	7,618,736	(968,876)	-11%
Non-current liabilities	461,388	533,501	72,113	16%
Total liabilities	9,049,000	8,152,237	(896,763)	-10%
Share capital	5,183,462	5,183,462	0	0%
Capital surplus	1,503,606	1,503,606	0	0%
Retained earnings	8,130,064	8,601,904	471,840	6%
Other equities	(1,410,735)	(1,009,923)	400,812	28%
Equity attributable to the parent company	13,406,397	14,279,049	872,652	7%
Non-controlling interests	1,941,812	2,206,818	265,006	14%
Total equity	15,348,209	16,485,867	1,137,658	7%
<p>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).</p> <ol style="list-style-type: none"> <li>Property, plant, and equipment: Increased due to the transfer of prepayments to new factory buildings, additional machinery and equipment, and factory and office acceptance in the current year.</li> <li>Other assets: Decreased due to the transfer of prepayments to fixed assets upon completion of factory and office acceptance in the current year.</li> <li>Other equity interests: Due to exchange rate fluctuations and financial asset valuation.</li> </ol> <p>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.</p>				

### II. Financial Performance:

Unit: NTD thousand

Item \ Year	2023	2024	Variation	
			Increase (decrease) amount	Percentage (%)
Operating revenue	25,634,258	21,820,835	(3,813,423)	-15%
Operating cost	22,459,093	18,874,257	(3,584,836)	-16%
Operating profit margin	3,175,165	2,946,578	(228,587)	-7%
Operating expenses	1,573,698	1,664,662	90,964	6%
Operating profit	1,601,467	1,281,916	(319,551)	-20%
Non-operating income and expenses	240,325	184,305	(56,020)	-23%
Net income before tax	1,841,792	1,466,221	(375,571)	-20%

Income tax expense	351,959	264,870	(87,089)	-25%
Net profit of the current period	1,489,833	1,201,351	(288,482)	-19%
Other comprehensive income (net)	(105,052)	693,761	798,813	760%
Total comprehensive income in the current period	1,384,781	1,895,112	510,331	37%
<p>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).</p> <p>1. Operating profit: Reduced profit due to decreased gross profit and increased expenses.</p> <p>2. Non-operating income and expenses: Reduced foreign currency exchange gains due to exchange rate fluctuations.</p> <p>3. Income before tax: Reduced due to decreased operating profit and decreased non-operating income.</p> <p>4. Income tax expense: Reduced due to decreased operating profit and decreased non-operating income.</p> <p>5. Other comprehensive income (net): Increased exchange differences from the translation of financial statements of foreign operations due to exchange rate fluctuations.</p> <p>6. Total comprehensive income for the period: Increased exchange differences from the translation of financial statements of foreign operations due to exchange rate fluctuations.</p> <p>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.</p>				

### III. Cash flow:

#### 1. Analysis of cash flow change for the this year:

Item \ Year	2023	2024	Unit: NTD thousand Variation	
			Increase (decrease) amount	Percentage (%)
Operating activities	4,435,586	973,456	(3,462,130)	-78%
Investment activities	(2,025,521)	(502,292)	1,523,229	75%
Fundraising activities	(2,518,646)	(380,039)	2,138,607	85%
<p>Change analysis:</p> <p>1. Operating activities: Due to a decrease in accounts payable.</p> <p>2. Investing activities: Due to the disposal of stock holdings.</p> <p>3. Financing activities: This is due to the decrease in short-term loans.</p> <p>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.</p>				

#### 2. Improvement plan for insufficient liquidity: There is currently no cash shortage.

#### 3. Cash liquidity analysis for the coming year:

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)	Unit: NTD thousand Remedial measures for estimated cash shortfalls	
				Investment Plan	Financing plan
6,754,713	2,141,603	2,430,626	6,465,590	—	—
<p>Analysis of changes in cash flow in 2024:</p> <p>1. Operating activities: We will continue to improve the product portfolio to increase the revenue and profit</p>					

to generate cash inflow.

2. Investing activities: Due to business expansion, continuous investment in production plants and equipment will result in cash outflows.

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:**

The primary investment target in the near term remains to increase the revenue proportion of automotive products and expand the automotive-related product supply chain. Therefore, the main focus will be on the production and sales of automotive (electric vehicle) related electrical products, supplemented by strategic alliances with other industries, expanding product breadth and production capacity, to increase 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 investee incurred losses due to the significant drop in product market prices caused by the aggressive price competition from its main market suppliers, resulting from changes in the industry structure, and the company's operations failing to achieve economies of scale, leading to higher costs.

##### **(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:

Europe, Japan, and the United States have adopted different interest rate adjustment policies due to their respective economic conditions, inflation concerns, and government policies, which will have varying impacts on regional financial markets. The Company's financial leverage ratio is low, and interest expenses are relatively small. However, interest rate changes in various regions may still affect future financial planning. The Company will actively review funding needs and interest rate changes, maintain good relations with financial institutions, flexibly utilize various financing tools, control interest costs, and invest short-term idle funds in stable income-generating financial products to increase interest income and reduce risks arising from interest rate changes.

2. The impact of exchange rate changes:

The FED's interest rate cut plan will be less aggressive than expected due to unresolved inflation concerns in the United States. Given the ongoing developments of the Russo-Ukrainian War, geopolitical competition, and potential economic slowdown, exchange rate fluctuations in various regions are expected to intensify. The fluctuations in the USD will affect the exchange gains and losses reported in the Company's and its subsidiaries' financial statements. 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 may affect the Company's profitability.

3. The impact of inflation:

Global inflation is expected to remain high due to the impact of the U.S. Trump administration's tariff sanctions on imported goods from various countries and the continuous diversification of supply chains. To avoid inflation eroding profits, the Company will continue to monitor the implementation of U.S. tariffs, global logistics and transportation conditions, and supply and demand changes affecting raw material prices, maintain good relations with customers, and adjust cost structures and sales strategies in a timely manner to reduce the risk of inflation fluctuations affecting the Company's profitability.

(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 controls. The loans to others and endorsements/guarantees are arranged to support the funding needs of subsidiaries. For derivative trading, the Company will carefully assess whether to engage in foreign currency receivables hedging. In the future, the Company will regularly review the execution results and comply 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 robot drag chain wiring harnesses, 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.

Recently, due to geopolitical competition and frequent extreme weather events, there have been more changes in related policies and regulations. The Company will continuously monitor these changes, make appropriate responses, 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 Company actively observes industry and market trends and changes. The R&D and Sales Departments communicate closely with customers to jointly develop new products and seize new business opportunities. The IT Department also monitors information security incidents and adjusts control measures to ensure information security. Therefore, as of the publication date of this annual report, technological changes (including information security risks) have not had a significant impact on the Company's financial and business operations.

(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. As of the publication date of this annual report, there have been no management crises due to changes in corporate image.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions.

The Company has no corporate merger and acquisition plans as of the publication date of this annual report, 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 2024 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.**



## **Six. Additional Information**

### **I. Information on affiliates**

Related information of affiliates will be posted to the Market Observation Post System at <https://emops.twse.com.tw>. Please select “Single Company” under the “Electronic Books” tab, enter the year, and click “GO” to find the affiliates files corresponding to Company code. Website:

[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

**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.**

## **Seven. 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.**

**Legal Representative:      Lee, Kuang-Yao**