

Stock Code: 2328



Pan-International Industrial Corp.

2024 Annual General Meeting Meeting Handbook

Date and Time: 9:00 a.m., Friday, May 31, 2024

Venue: No. 77, Anxing Rd., Xindian Dist., New Taipei City
(Yue Hall, Platinum Hotel)

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Pan-International Industrial Corp. 2024 Annual General Meeting Procedure

- I. Report of Number of Shares Represented by Attending Shareholders
- II. Call the Meeting to Order
- III. Chairman's Remarks
- IV. Report Items
- V. Ratification Items
- VI. Extraordinary Motions
- VII. Meeting Adjourned

Pan-International Industrial Corp. 2024 Annual General Meeting Agenda

Convening method: Physical Shareholders Meeting

Time: 9:00 a.m., Friday, May 31, 2024

Venue: No. 77, Anxing Rd., Xindian Dist., New Taipei City (Yue Hall, Platinum Hotel)

I. Chairman's Remarks:

II. Report Items:

1. 2023 Business Report of the Company.
2. Audit Committee's Review Report on the 2023 Financial Statements.
3. Report on 2023 distribution of remuneration of employees and directors of the Company.
4. Report on 2023 distribution of earnings and cash dividends status.
5. Other report matters.

III. Ratification Items:

1. Adoption of 2023 Business Report and Financial Statements.
2. Proposal for the distribution of earnings in 2023.

IV. Extraordinary Motions.

V. Meeting Adjourned.

Report Items

I. 2023 Business Report of the Company. Proposed for review.

Explanation: Please refer to 2023 Business Report of the Attachments. (Please refer to page 6 to 8 of this Handbook)

II. Audit Committee's Review Report on the 2023 Financial Statements. Proposed for review.

Explanation: Please refer to the Audit Committee's Review Report of the Attachments. (Please refer to page 9 of this Handbook)

III. Report on 2023 distribution of remuneration of employees and directors of the Company. Proposed for review.

Explanation: The Company's profit in 2023 was NT\$1,488,584,546 (before remunerations were set aside) whereby 5% of cash (or NT\$74,429,227) was set aside for employee compensation and 0.5% of cash (or NT\$7,442,923) was set aside for directors' remuneration, and all were paid in cash.

IV. Report on 2023 distribution of earnings and cash dividends status. Proposed for review.

Explanation: 1. According to the Articles of Incorporation provisions, for cash dividends, the board of directors is authorized to reach a special resolution for distribution, followed by reporting to the shareholders meeting.

2. For shareholders' dividend distribution, cash dividends of NT\$ 673,850,167, and NT\$ 1.3 per share shall be distributed according to the distribution percentage until the cash dividend shall be rounded down. The total of odd lots less than NT\$1 will be transferred to the employees' welfare committee. The Board of Directors is convened to stipulate.

3. If there is a change in the total number of outstanding shares in this proposal and the dividend ratio of shareholders must be adjusted, the board of directors shall adjust and handle the relevant changes.

V. Other report matters.

- Explanation:
1. Pursuant to the provisions of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of issued shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting. The current proposal and nomination acceptance period is from March 22 to April 1, 2024.
 2. Up to the end of the aforementioned proposal acceptance period, the Company receives no proposals submitted by the shareholders.

Ratification Items

Proposal 1: Adoption of 2023 Business Report and Financial Statements, Proposed for review. (Proposed by the Board of Directors)

Explanation: I. The 2023 Business Report and Financial Statements of the Company have been reviewed by the Audit Committee, and the Financial Statements have also been audited and certified by CPA Yung-Chien Hsu and CPA Jen-Chieh Wu of Pricewaterhouse Coopers (PwC) Taiwan.

II. For the reports and statements described in the preceding paragraph, please refer to the Attachments. (Please refer to page 6 to 8 and page 10 to 45 of this Handbook)

III. Proposed for ratification.

Resolution:

Proposal 2: Proposal for 2023 earnings distribution. Proposed for ratification. (Proposed by the Board of Directors)

Explanation: I. The proposal for 2023 earnings distribution table of the Company is as shown in the Attachments. (Please refer to page 46 of this Handbook)

II. Proposed for ratification.

Resolution:

Extraordinary Motions

Meeting Adjourned

Attachments 1

2023 Business Report

The significant growth in shipments to Chinese automotive customers has driven the Company's revenue from automotive products. The revenue of automotive wiring harnesses has accounted for more than 17% of the total consolidated revenue, demonstrating the results of transformation and upgrading to increase the revenue of automotive products. In addition, as the supply chain increases the flexibility, the Southeast Asia business still maintains the growth momentum of revenue. However, due to the uncertain future demand prospects and customers' conservative inventory in Q2, consumer products suddenly lost their momentum in pulling goods, resulting in the sharp decline of revenues from related products. Overall, this year's consolidated revenues showed a slight decline compared to last year. However, in terms of profitability, although the Company has actively adjusted the product portfolio and maintained the level of gross profit margin, due to the decline in revenue and the decrease in contribution from non-operating income from investment income, full-year profitability declined as compared to last year.

Today's global economic environment has been affected by factors such as the shortening of product life cycle, the multitude of production competitors, and the interference of inflation in various regions. In addition, climate change and geopolitics have affected supply chain and logistics arrangements. Consequently, difficult challenges have been posed to business strategies, production and marketing scheduling, increasing the risk of decision-making. As if facing the abyss, the management team will collect market information extensively, make prudent decisions, and adjust business strategies in a timely manner to maintain the growth momentum of the Company's revenue and profits. In addition, the Company will also actively invest in new energy vehicle related products and production capacity, increase Pan-International's exposure and market share in the automotive industry, and establish Pan-International as a first-tier supplier of automotive wiring harness and related products. At the same time, we will continue to review the gross profit margin of products, develop high-margin products, optimize the product portfolio, and adhere to the Company's transformation and upgrading strategy to improve the overall profitability. By doing so, our employees and shareholders can share the results of business operations.

I. Report on 2023 Operating Outcome:

- (I) The parent company only operating revenue was NT\$9.3 billion, a decline of 21.2% from NT\$11.8 billion in 2022.
- (II) The consolidated operating revenue was NT\$25.6 billion in 2023, a decline of 2.4% from NT\$26.3 billion in 2022.
- (III) The consolidated net profit before tax was NT\$1.84 billion, representing a decline of 10.4% compared to NT\$2.06 billion in 2022.
- (IV) The consolidated net profit after tax was NT\$1.49 billion, representing a decline of 4.9% compared to NT\$1.57 billion in 2022.
- (V) The earnings per share (EPS) was NT\$ 2.42.

II. 2024 Business Outlook:

The business environment in the future will be more unpredictable and risky due to the impact of global geopolitical competition and cooperation, frequent wars, continued US-China confrontation and post-election changes in cross-strait relations. The Company will aim to improve the operating resilience and maintain the growth momentum, expand the business and R&D team to improve the overall marketing and R&D capabilities, while proactively exploring new business opportunities. Meanwhile, we will also enhance the risk awareness and crisis management ability of all employees to actively face various operational difficulties and challenges. The Company's annual development and operation guidelines and production and sales policies formulated in accordance with the main objectives are as follows:

(I) Business Policy:

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

(II) Production and Sale Policy:

1. Actively strive for new energy vehicle customers, increase the revenue of new energy vehicle wiring harness products, and improve the Company's gross profit and net profit.
2. Seek acquisitions, expand business opportunities in EV and ICT products through cross-industry alliances or joint ventures, and increase product breadth to maintain stable revenue growth.
3. Improve the flexibility of the supply chain, and flexibly use the production and logistics resources of each plant area to meet the needs of customers and avoid the risk of transfer to orders.
4. Strictly control the exposure of AR and inventory, coordinate the use of cash of each legal entity, and maintain liquidity to improve the ability to face risks and enhance the resilience of going concern.
5. Plan carbon emission verification and energy-saving solutions, formulate carbon neutrality paths and implementation plans for each plant area, and complete carbon reduction targets at various stages in order to achieve carbon neutrality.
6. Actively achieve ESG annual policy objectives, invest resources, fulfill corporate social responsibility and lay the foundation for sustainable business operations.

In addition to creating profits for the year, the Company will also actively respond to stakeholders' ESG-related concerns by setting various ESG targets in order to enhance the knowledge and awareness of all employees in environmental protection, social care and ethical management. We will progressively achieve various goals and upgrade the rating of external evaluation agencies to establish the Company's image of information transparency and integrity management. This will establish a gradual path and profound foundation for the development goal of sustainable management.

Chairman:
Lee, Kuang-Yao

Managerial Officers:
Tsai, Ming-Feng

Accounting supervisor:
Tai, Chih-Hao

Attachments 2

Audit Committee Review Report

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

To:

Pan-International Industrial Corp. 2024 General Shareholders Meeting

Chairman of the Audit Committee: Wen-Jung Cheng

March 13, 2024

Attachments 3

Auditors' Report

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

To Pan-International Industrial Corp.

Audit Opinions

We have audited the Parent Company Only Balance Sheet of Pan-International Industrial Corp. of December 31, 2023 and 2022, and the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Shareholders Equity, the Parent Company Only Statement of Cash Flows, and the Notes to Parent Company Only Financial Statements (including the summary of significant accounting policies) covering the period of January 1 to December 31, 2023 and 2022.

In our opinion, on the basis of the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these separate parent company only financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, they are able to properly express the separate financial position of Pan-International Industrial Corp. as of December 31, 2023 and 2022, and the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2023 and 2022.

Basis of our opinions

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements. We are independent of Pan-International Industrial Corp. according to the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities according to these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

Key Audit Matters

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

Key audit matters in the 2022 Parent Company Only Financial Statements of the Company are specified below:

Assessment of the provision for valuation loss on inventory

Description

For information on the accounting policy of valuation of inventory, refer to Note 4 (13) of the Notes to Parent Company Only Financial Statements. The accounting estimate, and the uncertainty of assumption of the valuation of inventory is specified in Note 5 (2) of the Notes to Parent Company Only Financial Statements. The inventory items are specified in Note 6 (4) of the Notes to Parent Company Only Financial Statements. As of December 31, 2022, the balance of inventory and provision for valuation loss for the Company amounted to NT\$315,066 thousand and NT\$3,981 thousand, respectively. The balance of inventory and provision for evaluation loss as stated in the consolidated financial statements of the same date amounted to NT\$3,868,193 thousand and NT\$146,527 thousand, respectively.

The Company mainly produces and sells computer peripherals, automobile cable harness, industrial control and medical devices, among other related electronic products. Rapid changes in the technological environment allow for only a short life cycle of the inventory. In addition, the inventory is highly vulnerable to price fluctuations in the market. The result is devaluation due to falling prices of inventory, or the risk of phase out is higher. Pan-International Industrial Corp. and its subsidiaries measure the normal sale of inventory using the lower of the cost or the net realizable value. The above provision for the valuation of inventory loss is mainly based on obsolete items or damaged items of inventory. The net realizable value is based on the experience of handling obsolete items of inventory in the estimation. Because the amount of inventory of Pan-International Industrial Corp. and subsidiaries is significant and the inventory covers a great variety of items, it requires human judgment in sorting out the obsolete or damaged items from the inventory. This requires further judgment in the audit. We therefore listed

the provision for valuation loss of inventory of Pan-International Industrial Corp. and its subsidiaries as key audit matter.

The appropriate audit procedure

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

1. Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.
2. Examine if the logic of the system of the inventory aging table for the valuation of inventory used by the management is appropriate, in order to confirm that the information presented in the financial statements is congruent with the policies.
3. Assess to determine if the provision for valuation loss of inventory is reasonable on the basis of the discussion with the management on the valuation of the net realizable value of the obsolete and damaged items of inventory and the supporting documents obtained.

Other matters - Audits conducted by other certified public accountants

Some of the investee companies of Pan-International Industrial Corp. accounted for under the equity method were presented in the Parent Company Only Financial Statements. We did not audit the financial statements of these companies. These financial statements were audited by other certified public accountants, and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, the opinions on the aforementioned parent company only financial statements regarding the amount presented in the aforementioned financial statements of these subsidiaries before adjustment were based on the Auditors' Report of other certified public accountants. The investment of the above companies accounted for under the investment by equity method amounted to NT\$2,325,240 thousand and NT\$2,231,230 thousand as of December 31, 2023 and 2022, which accounted for 14% and 13% of the parent company only total assets, respectively. The

comprehensive income recognized by the aforementioned companies in the period of January 1 to December 31, 2023 and 2022, amounted to NT\$519,174 thousand and NT\$477,447 thousand, and accounted for 42% and 47% of the parent company only comprehensive incomes, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements.

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements free from materials misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in standalone financial statements will be detected. Misstatements can arise from fraud or error. These are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these parent company only financial statements.

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

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

report. However, future events or conditions may cause Pan-International Industrial Corp. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the notes to the statements), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within Pan-International Industrial Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the separate audit, and we are responsible for forming an audit opinion on the parent company only financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the Company in 2023 and therefore are the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Yung-Chien Hsu

Independent Auditors

Jen-Chieh Wu

Former Financial Supervisory Commission, Executive Yuan

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

Financial Supervisory Commission

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

March 13, 2024

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

Unit: NTD thousand

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

(continued)

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

Unit: NTD thousand

LIABILITIES AND EQUITY		Note	D e c e m b e r 3 1 , 2 0 2 3		D e c e m b e r 3 1 , 2 0 2 2	
			A m o u n t	%	A m o u n t	%
Current liability						
2100	Short-term borrowings	6 (10)	\$ -	-	\$ 1,366,595	8
2130	Contractual liabilities - Current	6 (17)	104,883	1	148,107	1
2170	Accounts payable		584,794	4	740,457	4
2180	Accounts payable - Related parties	7	1,352,194	8	1,876,226	10
2200	Other payables	6 (11)	311,137	2	305,202	2
2230	Current tax liabilities	6 (22)	131,939	1	134,823	1
2399	Other current liabilities - Other		504	-	536	-
21XX	Total current liabilities		<u>2,485,451</u>	<u>16</u>	<u>4,571,946</u>	<u>26</u>
Non-current liabilities						
2570	Deferred tax liabilities	6 (22)	221,419	1	205,200	1
2670	Other noncurrent liabilities - others		5,386	-	5,386	-
25XX	Total non-current liabilities		<u>226,805</u>	<u>1</u>	<u>210,586</u>	<u>1</u>
2XXX	Total liabilities		<u>2,712,256</u>	<u>17</u>	<u>4,782,532</u>	<u>27</u>
interests						
Share capital		6 (13)				
3110	Common share capital		5,183,462	32	5,183,462	29
Capital surplus		6 (14)				
3200	Capital surplus		1,503,606	10	1,503,606	9
Retained earnings		6 (15)				
3310	Legal reserve		1,401,022	9	1,269,138	7
3320	Special reserve		1,385,207	8	1,072,435	6
3350	Undistributed earnings		5,343,835	33	5,255,632	30
Other equities		6 (16)				
3400	Other equities		(1,410,735)	(9)	(1,385,208)	(8)
3XXX	Total equity		<u>13,406,397</u>	<u>83</u>	<u>12,899,065</u>	<u>73</u>
Significant Contingent Liabilities and		9				
Unrecognized Commitments						
Significant Subsequent Events		11				
3X2X	Total liabilities and equity		<u>\$ 16,118,653</u>	<u>100</u>	<u>\$ 17,681,597</u>	<u>100</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

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

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

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

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

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

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

Unit: NTD thousand

Note	Capital surplus				Retained earnings			Other equities			Total Equity
	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income		
<u>2022</u>											
January 1	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,138,619	\$ 1,349,724	\$ 4,308,365	(\$ 1,360,659)	\$ 288,225	\$ 12,411,342	
Net profit of the current period	-	-	-	-	-	-	1,322,290	-	-	1,322,290	
Other comprehensive income recognized for the period 6 (16) (23)	-	-	-	-	-	-	6,548	395,292	(708,066)	(306,226)	
Total comprehensive income in the current period	-	-	-	-	-	-	1,328,838	395,292	(708,066)	1,016,064	
Earnings distribution and provisions for 2021: 6 (15)											
Provision of legal reserve	-	-	-	-	130,519	-	(130,519)	-	-	-	
Reversal of special reserve	-	-	-	-	-	(277,289)	277,289	-	-	-	
Cash dividends	-	-	-	-	-	-	(518,346)	-	-	(518,346)	
The invested company's capital reduction refund exceeded the book value	-	-	-	-	-	-	41	-	-	41	
All changes in the subsidiaries' equities are recognized	-	-	-	-	-	-	(10,036)	-	-	(10,036)	
December 31	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,269,138	\$ 1,072,435	\$ 5,255,632	(\$ 965,367)	(\$ 419,841)	\$ 12,899,065	
<u>2023</u>											
January 1	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,269,138	\$ 1,072,435	\$ 5,255,632	(\$ 965,367)	(\$ 419,841)	\$ 12,899,065	
Net profit of the current period	-	-	-	-	-	-	1,256,710	-	-	1,256,710	
Other comprehensive income recognized for the period 6 (16) (23)	-	-	-	-	-	-	1,834	(176,695)	151,168	(23,693)	
Total comprehensive income in the current period	-	-	-	-	-	-	1,258,544	(176,695)	151,168	1,233,017	
Earnings distribution and provisions for 2022: 6 (15)											
Provision of legal reserve	-	-	-	-	131,884	-	(131,884)	-	-	-	
Reversal of special reserve	-	-	-	-	-	312,772	(312,772)	-	-	-	
Cash dividends	-	-	-	-	-	-	(725,685)	-	-	(725,685)	

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

Unit: NTD thousand

Note	Capital surplus				Retained earnings			Other equities		Total Equity
	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
December 31	<u>\$ 5,183,462</u>	<u>\$ 1,402,318</u>	<u>\$ 98,543</u>	<u>\$ 2,745</u>	<u>\$ 1,401,022</u>	<u>\$ 1,385,207</u>	<u>\$ 5,343,835</u>	<u>(\$ 1,142,062)</u>	<u>(\$ 268,673)</u>	<u>\$ 13,406,397</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent company only Statement of Cash Flow
December 31, 2023 and 2022

Unit: NTD thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax		\$	1,406,713	\$	1,493,330
Adjustments					
income and expenses items					
Depreciation expenses and amortizations	6 (20)		510		643
Reversal of anticipated credit impairment gain	12 (2)	(	560)	(	1,861)
Net benefits of financial assets and liabilities measured at fair value through the income	6 (19)	(	8,991)	(	2,680)
Interest expense	6 (21)		29,944		20,846
Interest income		(	28,604)	(	8,442)
Dividend income	6 (18)		-	(	87,254)
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	6 (6)	(	848,166)	(	966,168)
Unrealized exchange loss	6 (25)		-		82,895
Changes in assets/liabilities related to operating activities					
Net change in assets related to operating activities					
Financial assets and liabilities measured at fair value through the income			8,991		2,680
Net accounts receivable			137,104		35,382
Accounts receivable - Related parties net			1,156,622	(	605,620)
Inventory			96,108		814,909
Other receivables		(	3,706)		4,692
Other current assets		(	3,908)		711
Net change in liabilities related to operating activities					
Accounts payable		(	155,663)	(	744,230)
Accounts payable - Related parties		(	524,032)		242,855
Other payables			2,597		117,039
Contractual liabilities		(	43,224)	(	480,256)
Cash inflow (outflow) from operations			1,221,735	(	80,529)
Income tax paid		(	132,671)	(	142,691)
Net Cash inflow (outflow) from operating activities			1,089,064	(	223,220)
<u>Cash flows from investing activities</u>					
Increase in financial assets measured at after-amortization cost - non-current		(	290,000)		-
Refund of capital investment in financial assets measured at fair value through other comprehensive income	6 (5)		37,424		78,570
Refunds of shares due to capital decrease by the investee using the investment by equity method	6 (6)		1,712,760		-
Share capital returned from liquidation of the investee company			-		41
Purchase of property, plant and equipment	6 (7)	(	-	(	216)
Increase in intangible assets		(	350)		-
Decrease (increase) of receivables from purchase of materials for a third party			3,370	(	7,144)
Increase in refundable deposits		(	13,382)		-
Interest received			26,671		8,442
Dividend received			-		87,254
Increase in other non-current assets		(	400,753)	(	28,915)
Net cash inflow from investment activities			1,075,740	(	138,032)
<u>Cash flows from financing activities</u>					
Increase (decrease) in short-term borrowings	6 (25)	(	1,366,595)		730,100
Interest paid		(	29,944)	(	20,846)

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

Pan-International Industrial Corp.
Parent company only Statement of Cash Flow
December 31, 2023 and 2022

Unit: NTD thousand

Cash dividend payment	6 (15)	(<u>725,685</u>)	(<u>518,346</u>)
Net cash inflow (outflow) from financing activities		(<u>2,122,224</u>)	<u>190,908</u>
Increase in cash and cash equivalents in the current period		42,580	105,720
Cash and cash equivalents at the beginning of the period		<u>1,675,829</u>	<u>1,570,109</u>
Cash and cash equivalents at the end of the period		<u>\$ 1,718,409</u>	<u>\$ 1,675,829</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Attachments 4

Auditors' Report

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

To Pan-International Industrial Corp.

Audit Opinions

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

In our opinion, based on the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these consolidated financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretation announcements recognized and promulgated by the Financial Supervisory Commission (FSC). Therefore, they are able to properly express the consolidated financial status of Pan-International Group in 2023 and as of December 31, 2022, and the consolidated financial performance and consolidated cash flows in 2023 and from January 1 2021 to December 31, 2022.

Basis of our opinions

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements. We are independent of Pan-International Group in accordance with the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

Key Audit Matters

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

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

Assessment of the provision for valuation loss on inventory

Description

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

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

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

The appropriate audit procedure

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

1. Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.
2. Examine if the logic of the system of the inventory aging table for the valuation of inventory used by the management is appropriate, in order to confirm that the information presented in the financial statements is congruent with the policies.
3. Assess to determine if the provision for valuation loss of inventory is reasonable on the basis of the discussion with the management on the valuation of the net realizable value of the obsolete and damaged items of inventory and the supporting documents obtained.

Additional information - audits conducted by other auditors

Some of the subsidiaries of Pan-International Group included in the consolidated financial statements, were not audited by us for the financial statements of these companies. These financial statements were audited by other certified public accountants,

and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, the opinions on the aforementioned consolidated financial statements regarding the amount presented in the aforementioned financial statements of these subsidiaries before adjustment were based on the Auditors' Report of other certified public accountants. The total assets of the aforementioned companies (including the investment by equity method) as of December 31, 2023 and 2022, amounted to NT\$6,369,905 thousand and NT\$6,461,095 thousand, respectively, accounting for 26% and 25% of the consolidated total assets, respectively. Revenue for the years ended December 31, 2023 and 2022, amounted to NT\$8,334,576 thousand and NT\$7,918,143 thousand, respectively, accounting for 33% and 30% of the consolidated net operating revenue, respectively.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misstatements can arise from fraud or error. These are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Pan-International Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pan-International Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pan-International Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes to the statements), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit, and we are responsible for forming an audit opinion on the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Pan-International Group in 2023 and therefore are the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Yung-Chien Hsu

Independent Auditors

Jen-Chieh Wu

Former Financial Supervisory Commission, Executive Yuan

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

Financial Supervisory Commission

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

March 13, 2024

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

Unit: NTD thousand

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

(continued)

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

Unit: NTD thousand

LIABILITIES AND EQUITY		Note	December 31, 2023		December 31, 2022	
			A m o u n t	%	A m o u n t	%
Current liability						
2100	Short-term borrowings	6 (12)	\$ 565,372	2	\$ 2,101,238	8
2130	Contractual liabilities - Current	6 (20) and 7	181,376	1	273,608	1
2150	Notes payable		1,041,396	4	356,341	2
2170	Accounts payable		3,739,360	15	3,839,452	15
2180	Accounts payable - Related parties	7	1,599,870	7	1,511,347	6
2200	Other payables	6 (13)	1,218,638	5	1,642,799	7
2230	Current tax liabilities		176,348	1	335,586	1
2280	Lease liabilities - Current	7	38,957	-	89,159	-
2399	Other current liabilities - Other		26,295	-	23,204	-
21XX	Total current liabilities		<u>8,587,612</u>	<u>35</u>	<u>10,172,734</u>	<u>40</u>
Non-current liabilities						
2570	Deferred tax liabilities	6 (25)	370,515	2	346,399	1
2580	Lease liabilities - Non-current	7	60,745	-	99,595	1
2600	Other non-current liabilities		30,128	-	16,408	-
25XX	Total non-current liabilities		<u>461,388</u>	<u>2</u>	<u>462,402</u>	<u>2</u>
2XXX	Total liabilities		<u>9,049,000</u>	<u>37</u>	<u>10,635,136</u>	<u>42</u>
Equity attributable to owners of the parent company						
Share capital 6 (15)						
3110	Common share capital		5,183,462	21	5,183,462	21
Capital surplus 6 (16)						
3200	Capital surplus		1,503,606	6	1,503,606	6
Retained earnings 6 (17)						
3310	Legal reserve		1,401,022	6	1,269,138	5
3320	Special reserve		1,385,207	6	1,072,435	4
3350	Undistributed earnings		5,343,835	22	5,255,632	21
Other equities 6 (18)						
3400	Other equities		(1,410,735)	(6)	(1,385,208)	(6)
31XX	Total equity attributable to owners of the parent company		<u>13,406,397</u>	<u>55</u>	<u>12,899,065</u>	<u>51</u>
36XX	Non-controlling interests	6 (19)	<u>1,941,812</u>	<u>8</u>	<u>1,870,302</u>	<u>7</u>
3XXX	Total equity		<u>15,348,209</u>	<u>63</u>	<u>14,769,367</u>	<u>58</u>
Significant Contingent Liabilities and Unrecognized Commitments 9						
Significant Subsequent Events 11						
3X2X	Total liabilities and equity		<u>\$ 24,397,209</u>	<u>100</u>	<u>\$ 25,404,503</u>	<u>100</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

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

Item	Note	<u>2</u> A	<u>0</u> m	<u>2</u> o	<u>3</u> u	<u>2</u> n	<u>2</u> t	<u>%</u>	<u>2</u> A	<u>0</u> m	<u>2</u> o	<u>2</u> u	<u>2</u> t	<u>%</u>
4000	Operating revenue	6 (20) and 7	\$		25,634,258			100	\$		26,257,340			100
5000	Operating cost	6 (5) (23) And 7		(	22,459,093)	(		88)	(		22,977,604)	(		87)
5900	Operating profit margin				3,175,165			12			3,279,736			13
	Operating expenses	6 (23)												
6100	Selling and marketing expenses		(		290,760)	(		1)	(		305,104)	(		1)
6200	General and administrative expenses		(		806,589)	(		3)	(		737,376)	(		3)
6300	Research and development expenses		(		477,370)	(		2)	(		416,502)	(		2)
6450	Expected credit impairment gain	12 (2)			1,021			-			478			-
6000	Total operating expenses		(		1,573,698)	(		6)	(		1,458,504)	(		6)
6900	Operating profit				1,601,467			6			1,821,232			7
	Non-operating income and expense													
7100	Interest income				161,120			1			95,027			-
7010	Other income	6 (21)			69,975			-			184,276			1
7020	Other gains and losses	6 (22)			140,461			-			5,732			-
7050	Financial costs	6 (24)	(		60,407)	(		-	(		41,231)	(-
7060	Share of profits and losses of affiliated companies and joint ventures recognized by the equity method	6 (7)	(		70,824)	(		-	(		8,603)	(-
7000	Total non-operating income and expenses				240,325			1			235,201			1
7900	Net income before tax				1,841,792			7			2,056,433			8
7950	Income tax expense	6 (25)	(		351,959)	(		1)	(		490,034)	(		2)
8200	Net profit of the current period		\$		1,489,833			6	\$		1,566,399			6

(continued)

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

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

Item	Note	<u>2</u> A	<u>0</u> m	<u>2</u> o	<u>3</u> u	<u>2</u> n	<u>2</u> t	<u>%</u>	<u>2</u> A	<u>0</u> m	<u>2</u> o	<u>2</u> u	<u>2</u> t	<u>%</u>	
Items that will not be reclassified															
subsequently to profit or loss															
8311	Remeasured value of defined benefit plan	6	(14)						\$		2,344	-	\$	8,470	-
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6	(18)								151,168	-	(	708,066)	(3)
8349	Income tax related to items not reclassified	6	(25)						(		469)	-	(	1,695)	-
8310	Total of items not reclassified to profit or loss										153,043	-	(	701,291)	(3)
Items that may be reclassified															
subsequently to profit or loss:															
8361	Currency translation difference	6	(18)						(		258,095)	(1)		487,069	2
8360	Total of items that may be reclassified subsequently to profit or loss:								(		258,095)	(1)		487,069	2
8300	Other comprehensive income (net)								(\$		105,052)	(1)	(\$	214,222)	(1)
8500	Total comprehensive income in the current period								\$		1,384,781	5	\$	1,352,177	5
NET PROFIT ATTRIBUTABLE															
TO:															
8610	Owners of the parent company								\$		1,256,710	5	\$	1,322,290	5
8620	Non-controlling interests										233,123	1		244,109	1
									\$		1,489,833	6	\$	1,566,399	6

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

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

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

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

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

Unit: NTD thousand

Note	Equity attributable to owners of the parent company											Total Equity
	Capital surplus				Retained earnings			Other equities				
	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling interests	
<u>2022</u>												
Balance on January 1	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,138,619	\$ 1,349,724	\$ 4,308,365	(\$ 1,360,659)	\$ 288,225	\$ 12,411,342	\$ 1,682,573	\$ 14,093,915
Net profit of the current period	-	-	-	-	-	-	1,322,290	-	-	1,322,290	244,109	1,566,399
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	6,548	395,292	(708,066)	(306,226)	92,004	(214,222)
Total comprehensive income in the current period	-	-	-	-	-	-	1,328,838	395,292	(708,066)	1,016,064	336,113	1,352,177
Earnings distribution and provisions for 2021:	6 (17)											
Provision of legal reserve	-	-	-	-	130,519	-	(130,519)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(277,289)	277,289	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(518,346)	-	-	(518,346)	-	(518,346)
Decrease in non-controlling interests	6 (19)	-	-	-	-	-	-	-	-	-	(86,844)	(86,844)
The share capital returned from liquidation of the investee company exceeds the book value	-	-	-	-	-	-	41	-	-	41	-	41
All changes in equities of subsidiaries are recognized	6 (27)	-	-	-	-	-	(10,036)	-	-	(10,036)	(61,540)	(71,576)
Balance on December 31	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,269,138	\$ 1,072,435	\$ 5,255,632	(\$ 965,367)	(\$ 419,841)	\$ 12,899,065	\$ 1,870,302	\$ 14,769,367
<u>2023</u>												
Balance on January 1	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,269,138	\$ 1,072,435	\$ 5,255,632	(\$ 965,367)	(\$ 419,841)	\$ 12,899,065	\$ 1,870,302	\$ 14,769,367
Net profit of the current period	-	-	-	-	-	-	1,256,710	-	-	1,256,710	233,123	1,489,833
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	1,834	(176,695)	151,168	(23,693)	(81,359)	(105,052)
Total comprehensive income in the current period	-	-	-	-	-	-	1,258,544	(176,695)	151,168	1,233,017	151,764	1,384,781
Earnings distribution and provisions for 2022:	6 (17)											
Provision of legal reserve	-	-	-	-	131,884	-	(131,884)	-	-	-	-	-
Provision of special reserve	-	-	-	-	-	312,772	(312,772)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(725,685)	-	-	(725,685)	-	(725,685)
Decrease in non-controlling interests	6 (19)	-	-	-	-	-	-	-	-	-	(80,254)	(80,254)

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.
Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Chairman: Lee, Kuang-Yao

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

Unit: NTD thousand

Note	Equity attributable to owners of the parent company											Total Equity
	Capital surplus				Retained earnings			Other equities				
	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling interests	
Balance on December 31	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,401,022	\$ 1,385,207	\$ 5,343,835	(\$ 1,142,062)	(\$ 268,673)	\$ 13,406,397	\$ 1,941,812	\$ 15,348,209

Chairman: Lee, Kuang-Yao

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.
 Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax		\$	1,841,792		\$	2,056,433
Adjustments						
income and expenses items						
Depreciation expenses and amortizations	6 (23)		631,778			603,492
Expected credit impairment gains	12 (2)	(	1,021	)	(	478
Net benefits of financial assets and liabilities measured at fair value through the income	6 (22)	(	10,630	)	(	33,930
Interest expense	6 (24)		60,407		(	41,231
Interest income		(	161,120	)	(	95,027
Dividend income	6 (21)	(	22	)	(	87,266
Share of profits and losses of affiliated companies recognized by the equity method	6 (7)		70,824			8,603
Net loss from the disposal of property, plant and equipment	6 (22)		9,265			25,387
Loss on disposal of investments	6 (22)		5,770			-
Unrealized exchange loss			-			82,895
Changes in assets/liabilities related to operating activities						
Net change in assets related to operating activities						
Financial assets and liabilities measured at fair value through the income			9,910			35,518
Net notes receivable		(	73,279	)	(	10,168
Net accounts receivable			113,745		(	561,481
Accounts receivable - Related parties net			1,254,602		(	828,967
Other receivables			648,906			50,989
Inventory			81,232			1,075,026
Other current assets		(	70,233	)		145,650
Net change in liabilities related to operating activities						
Contractual liabilities		(	92,232	)	(	665,458
Notes payable			702,415			291,829
Accounts payable		(	28,363	)	(	1,109,377
Accounts payable - Related parties			123,015			167,830
Other payables		(	339,344	)		408,412
Other current liabilities			4,060		(	3,597
Other non-current liabilities			14,138		(	2,628
Cash inflow from operations			4,795,615			1,594,918
Income tax paid		(	360,029	)	(	323,690
Net cash inflow from operating activities			4,435,586		1,271,228	
<u>Cash flows from investing activities</u>						
Acquisition of financial assets measured at after-amortization cost		(	972,223)		-
Refund of capital investment in financial assets measured at fair value through other comprehensive income	6 (6)		37,424			78,570
Share capital returned from liquidation of the investee company			-			41
Purchase property, plant and equipment assets	6 (28)	(	807,817	)	(	958,816
Proceeds from disposal of property, plant and equipment			14,789			8,273
Acquisition of intangible assets	6 (11)	(	20,397)		-
Decrease (increase) in refundable deposits			2,332		(	284,930
Increase in other non-current assets		(	440,771	)	(	39,137
Interest received			161,120			95,027
Dividend received			22			87,266
Net cash outflow from investment activities		(	2,025,521	)	(	1,013,706
<u>Cash flows from financing activities</u>						
Increase in short-term borrowings	6 (29)		5,009,072			8,736,973
Decrease in short-term borrowings	6 (29)	(	6,582,507	)	(	7,775,814
Lease principal repayment	6 (29)	(	78,865	)	(	66,104
Cash dividend payment	6 (17)	(	725,685	)	(	518,346
Interest paid		(	60,407	)	(	41,231
Number of cash dividends paid to non-controlling interests	6 (19)	(	80,254	)	(	86,844
Acquisition of stock options in subsidiaries	6 (27)		-		(	71,576
Net cash inflow (outflow) from financing activities		(	2,518,646	)	177,058	
Impact of changes in the exchange rate on cash and cash equivalents		(	164,782	)		37,206
Increase (decrease) in cash and cash equivalents in the current period		(	273,363	)		471,786
Cash and cash equivalents at the beginning of the period			6,713,571			6,241,785
Cash and cash equivalents at the end of the period		\$	6,440,208		\$	6,713,571

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Pan-International Industrial Corp.
Earnings Distribution Table
2023

Item	Unit: In New Taiwan Dollars Amount
Unappropriated retained earnings at beginning of the term	4,085,291,840
Plus: Ensure the remeasured amount is recognized as retained surplus after determining the benefit plan.	1,834,046
Plus: Net income after tax	1,256,709,760
Minus: Appropriated statutory surplus reserve	(125,854,381)
Minus: Special Surplus Reserve Reversed	(25,527,596)
Earnings available for distribution	5,192,453,669
Item for distribution:	
Shareholders' cash dividends (Note) NT\$1.30 per share	(673,850,167)
Ending undistributed earnings	4,518,603,502

Note 1: The earnings of 2023 is to be distributed in priority for this year.

Note 2: According to the provisions Article 21 of the Articles of Incorporation, for the issuance of cash dividends and bonuses resolved by the board of directors, the board of directors is authorized to establish the distribution plan and to report to the shareholders' meeting.

Chairman:
Lee, Kuang-Yao

Managerial Officers:
Tsai, Ming-Feng

Accounting supervisor:
Tai, Chih-Hao

Appendix 1

Pan-International Industrial Corp. Rules of Procedure for Shareholders' Meeting

- I. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by laws and regulations, shall be as provided in these Rules.
- II. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of stock rights attended is calculated based on the number of shares that can exercise voting rights electronically and registered on the video conference platform based on the signature book or the attendance card submitted.
Suppose a shareholders' meeting is held via video conferencing. In that case, shareholders who wish to attend by video conferencing shall register with the Company's designated site or website two days before the shareholders' meeting.
- III. Attendance and voting at the shareholders' meeting shall be calculated based on the number of shares. If a shareholder proposes to count the number of people, the chairman shall reject the proposal. When voting on a proposal, the proposal shall be passed if the required number has been reached.
- IV. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
A shareholders meeting convened by the Company via video conferencing is not subject to the preceding convening location restriction.
For shareholders' meetings conducted via video conferencing, registration shall be accepted on the shareholders' meeting video conference platform 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed present at the shareholders' meeting in person.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise his/her power and authority the Vice Chairman to act as a proxy thereof; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise his/her power and authority, the Chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one Director as a proxy thereof. Where a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. If two or more persons have the right to convene meetings, one of such persons shall be elected as the chair.

- VI. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. The staff serving on the shareholders' meeting shall wear identity certificates or arm-bands.
- VII. The Company shall record on audio or video tape the entire proceedings of a shareholders' meeting and preserve the recordings for at least one year.
- VIII. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- IX. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. Suppose the chair violated the procedure rules and the meeting was announced adjourned. In that case, one person can be elected as the chair with the consent of over half of the voting rights from the present shareholders' meeting, and the meeting can continue. After the chair declares the meeting adjourned, shareholders shall not further elect a chair to continue the meeting at the original site or at another place.
- X. Before speaking, a shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance that does not actually speak in the meeting shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

XI. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Suppose a shareholders' meeting is held via video conferencing. In that case, the shareholders participating by video conferencing may ask questions in the text on the shareholders' meeting video conferencing platform after the chair announces the meeting and before the meeting adjournment is announced. Each shareholder shall not ask over 2 questions per proposal; each question is limited to 200 words, and the provisions provided in the preceding 2 paragraphs shall not apply.

XII. When a juristic person is appointed to attend a shareholders' meeting as proxy, it shall designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

XIV. The reported matters or non-action proposals shall not be discussed or voted on. When the chair at a shareholders' meeting believes that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Suppose a shareholders' meeting is held via a video conferencing method. In that case, the votes shall be counted once the chair announces the voting is closed, and the voting and election results shall be announced.

If the shareholders' meeting is held via video conferencing and if there is an obstacle to the video conferencing platform or video conferencing participation after the chair declares the meeting started due to force majeure issues that lasted for over 30 minutes before the chair announces the meeting adjourned, Article 182 of the Company Act shall not apply if the shareholders' meeting must be extended or continued within five days unless there is no need for postponement or continuation pursuant to Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. If the shareholders' meeting is postponed or reconvened according to the provisions of the preceding paragraph, the voting and vote counting that has been completed, the voting results declared, or the list of elected directors need not be re-discussed and resolved.

If the shareholders' meeting is postponed or reconvened according to the provisions provided by Paragraph 3, the relevant preparatory work according to the original shareholders' meeting date and the relevant provisions shall be implemented. When the original shareholders' meeting stopped the account transfer, the shareholders listed in the shareholders register shall be entitled to attend the shareholders' meeting pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Suppose a video-assisted shareholders' meeting held by the Company cannot continue due to issues described in Paragraph 3. In that case, the shareholders' meeting shall continue if the total number of shares in attendance still reaches the statutory quota for the shareholders' meeting resolution after deducting the number of shares attending the shareholders' meeting by video. There is no need to postpone or reconvene the meeting according to Paragraph 3.

If the Company convenes a shareholders' meeting via video conferencing, appropriate alternatives shall be provided for shareholders who have difficulty attending the shareholders' meeting via video conferencing.

- XVI. When a meeting is in progress, the chair may announce a break based on time considerations.
- XVII. Except as otherwise provided in the Company Act and the Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When a proposal comes to a vote, if no shareholder voices an objection following an inquiry by the chair, the proposal will be deemed to be approved, and it shall have the same effect as that reached through voting.
- XVIII. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XIX. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) assist to maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
- XX. The Rules shall be implemented after approval by the shareholders' meeting, and the same shall apply to its amendments.

Appendix 2

Pan-International Industrial Corp. Articles of Incorporation

Chapter 1 General Rules

- Article 1: The Company shall be incorporated under the Company Act, and its name shall be Pan-International Industrial Corp.
- Article 2: The scope of business of the Company shall be as follows:
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. F108031 Wholesale of Medical Devices.
 14. F208031 Retail Sale of Medical Apparatus.
 15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The re-investment total amount of the Company is not limited by the 40% of the paid-in capital.
- Article 3: The Company shall have its head office in New Taipei City, R.O.C., and when it is determined to be necessary, upon the resolution of the Board of Directors, branch offices or subsidiaries may be established domestically or overseas.
- Article 4: The Company may provide guarantees to related enterprises.
- Article 5: The public announcement method of the Company shall be handled according to Article 28 of the Company Act.

Chapter 2 Share

- Article 6: The total capital of the Company shall be NTD 6,000,000,000, divided into 600,000,000 shares, at a par value of NTD 10, and the Board of Directors is authorized to perform share issuance at discrete times. Among these, 30,000,000 shares are reserved as employee share subscription warrants or the share subscription warrants associated with the corporate bonds to be issued. The Company may, subject to the consent of two-thirds of voting rights present in a shareholder meeting where over half of the total outstanding shares are represented, buy back treasury stock at less than the average price to be transferred to employees or for the issuance of employee warrants with an exercise price lower than the closing ordinary share price on the issuance date. The subjects for the issuance of employee stock options to which the Company repurchases and transfers shares according to the law, subjects for issuance of restricted share awards, and subjects for shares reserved from new shares issuance of cash capital increase for employee subscription may include employees of controlled or affiliated companies that satisfy certain criteria, and the board of directors is authored to determine the criteria, transfer, issuance, and subscription method thereof.
- Article 7: The share certificates of the Company shall be in registered form and signed or sealed by the Director representing the Company and shall be certified for issuance of the share certificates according to the laws. The Company may be exempted from the printing of share certificates in accordance with the provision of Article 162-2 of the Company Act; however, the shares shall be registered with the Centralized Securities Depository Enterprises.
- Article 8: The administration of the shareholder services of the Company, unless otherwise specified in the laws and regulations, shall be handled according to the Regulations Governing the Administration of Shareholder Services of Public Companies published by the Securities and Futures Bureau, Financial Supervisory Commission.
- Article 9: Any change and transfer registration of shares shall be prohibited within sixty days prior to the ordinary shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the record date for the distribution of dividends and bonuses or other benefits by the Company.

Chapter 3 Shareholders' Meeting

Article 10: The shareholder meetings are classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened by the Board of Directors according to the laws within six months after the close of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary according to laws.

The Company's shareholders meetings may be held via video conference or other methods announced by the central competent authority.

Shareholder meetings shall be convened by the Board of Directors, and the Chairman of the Board shall be the chair of the meeting. In case where the Chairman is absent due to reasons, it shall be handled in accordance with the provision prescribed in Article 208 of the Company Act. For a shareholders' meeting convened by any person having the convening right other than the Board of Directors, the person having the convening right shall be the chair, and if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

Article 11: Where a shareholder for any reasons cannot attend a shareholders' meeting in person, he shareholder may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney, stating therein the scope of power authorized to the proxy. The use of proxies shall comply with the regulations of the Company Act and shall also be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies announced by the competent authority.

Article 12: Unless otherwise specified in relevant laws and regulations, each shareholder shall have one voting right for each share held.

Article 13: Any resolution at a shareholders' meeting, unless otherwise specified in the Company Act, shall be adopted by a majority of the shareholders presented, who representing more than half of the total number of the company's outstanding shares, and shall be executed based on the majority of the voting rights of attending shareholders. Matters related to the resolutions of a meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and shall be distributed to each shareholder within twenty days after the close of the meeting. The distribution of the meeting minutes may be effected by means of a public notice.

Chapter 4 Board of Directors and Audit Committee

Article 14: The Company shall have seven to nine Directors, among which the number of Independent Directors shall not be less than three and shall not be less than one fifth of the total number of Directors, and the term of office shall be three years. For the election of Directors, the candidates nomination system shall be adopted in accordance with the provision of Article 192-1 of the Company Act, and Directors are elected by the shareholders' meeting from the candidate roster, and Directors may be eligible for re-election.

Relevant matters of the professional qualification, shareholding, concurrent job position limitation and other necessary requirements shall comply with relevant regulations specified by the securities competent authority.

The Company establishes the Audit Committee in replacement of the Supervisors according to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be formed by all of the Independent Directors, and its number of members shall not be less than three, wherein one of the members shall be the convener. The exercise of functional duties of the Audit Committee and other required compliance matters shall be handled in accordance with relevant laws and regulations.

The total number of shares held by all of the Directors shall not be less than a certain percentage of the total number of issued shares, and such percentage shall comply with the requirements specified by the competent authority.

Article 15: Directors shall form the Board of Directors. With the attendance of more than two thirds of the Directors and the consents of a majority of the attending Directors, a Chairman shall be elected among the Directors. The Chairman shall represent the Company externally.

Article 16: In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled in accordance with the provision of Article 208 of the Company Act.

Article 17: The Board of Directors' meeting shall be held once quarterly, and when it is determined necessary, the meeting may be convened at any time. In case where a Director cannot attend the meeting due to reasons, the proxy thereof shall be handled in accordance with the provision of Article 205 of the Company Act. However, if a meeting is held via the video conference method, Directors attending the meeting through video conference shall be deemed to attend the meeting in person.

The convention of the Board of Directors' meeting shall be handled in accordance with the provision of Article 204 of the Company Act; however, in case of emergency, it may be convened at any time without written notice.

The notice for the convention of Board of Directors' meeting of the Company may be made in writing, e-mail or facsimile method to inform all Directors.

Article 18: Transportation allowance of all Directors shall be determined by the Board of Directors, and regardless whether the Company is operating at a profit or loss, it shall be paid according to the common standard adopted in the same industry. During the term of office of all Directors, the Company shall purchase liability insurances for the Directors for their indemnification liabilities within the scope of their official services according to the laws, and shall report the insurance content to the Board of Directors.

Chapter 5 Managerial Officers

Article 19: The Company may have managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to Article 29 of the Company Act.

Chapter 6 Accounting

Article 20: At the end of each fiscal year of the Company, the Board of Directors shall prepare the reports and statements of (I) Business report, (II) Financial statement and (III) Proposal for distribution of earnings or covering losses, for submission to the ordinary shareholder's meeting according to the law in order to request for ratification thereof.

Article 21: 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.

Where there is a profit after the settlement of a fiscal year, the profit shall be distributed in accordance with the following sequence:

- (I) Compensate for previous losses
- (II) Appropriate 10% as the legal reserve
- (III) Appropriate or reverse special reserve according to other laws and regulations

(IV) When the remaining amount refers to the distributable earnings of the current year, it is combined with the undistributed earnings of the same period at the beginning of the term as the accumulated distributable earnings, and the Board of Directors shall establish the proposal for earnings distribution according to the dividend policy specified in Paragraph 4 of this Article for submission to the shareholders' meeting for resolution and distribution accordingly.

The Company is currently at the growth stage. Regarding the Company's policy on the distribution of dividends, such policy shall be determined based on the factors of the present and future investment environment, capital demand, domestic/overseas competition and capital budget etc. along with the consideration of the shareholders' interests and the long-term financial planning. The shareholders' dividends are appropriated from the accumulated distributable earnings, which shall not be less than 15% of the distributable earnings of the current year, and the cash dividends among the shareholders' dividends shall not be less than 10%. Regarding the cash dividends and bonuses issued for all or a portion of the aforementioned cash dividends and capital reserve and legal reserve, the Board of Directors is authorized to reach a special resolution for distribution thereof, which shall also be reported to the shareholders' meeting, and the requirement for resolution of a shareholders' meeting as described in the preceding paragraph is not applicable.

Chapter 7 Supplemental Provisions

Article 22: Any matters not specified in this Article of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 23: These Articles of Incorporation were enacted on April 5, 1971.

The first amendment was made on April 22, 1971.

The second amendment was made on May 6, 1971.

The third amendment was made on July 25, 1974.

The fourth amendment was made on January 10, 1978.

The fifth amendment was made on May 1, 1978.

The sixth amendment was made on August 19, 1980.

The seventh amendment was made on October 30, 1980.

The eighth amendment was made on December 14, 1980.

The ninth amendment was made on January 10, 1981.

The tenth amendment was made on April 7, 1981.

The eleventh amendment was made on June 28, 1982.

The twelfth amendment was made on July 19, 1982.

The thirteenth amendment was made on June 30, 1983.

The fourteenth amendment was made on January 12, 1984.

The fifteenth amendment was made on August 31, 1984.

The sixteenth amendment was made on February 18, 1986.

The seventeenth amendment was made on March 10, 1986.

The eighteenth amendment was made on January 24, 1989.

The twenty fourth amendment was made on June 7, 1991.

The twenty fifth amendment was made on April 10, 1992.

The twenty sixth amendment was made on December 12, 1992.

The twenty seventh amendment was made on May 18, 1994.

The twenty eighth amendment was made on November 8, 1995.

The twenty ninth amendment was made on May 11, 1996.

The thirtieth amendment was made on June 26, 1997.

The thirty first amendment was made on June 2, 1998.

The thirty second amendment was made on April 12, 1999.

The thirty third amendment was made on November 30, 1999.

The thirty fourth amendment was made on June 27, 2000.

The thirty fifth amendment was made on June 10, 2002.

The thirty sixth amendment was made on June 14, 2005.

The thirty seventh amendment was made on June 14, 2006.

The thirty eighth amendment was made on June 8, 2007.

The thirty ninth amendment was made on June 10, 2009.

The fortieth amendment was made on June 8, 2010.

The nineteenth amendment was made on September 29, 1989.

The twentieth amendment was made on November 25, 1989.

The twenty first amendment was made on January 20, 1990.

The twenty second amendment was made on June 29, 1990.

The twenty third amendment was made on October 15, 1990.

The forty first amendment was made on June 5, 2012.

The forty second amendment was made on June 17, 2014.

The forty third amendment was made on June 13, 2016.

The forty fourth amendment was made on June 8, 2018.

The forty fifth amendment was made on June 14, 2019.

The forty sixth amendment was made on June 9, 2023.

Pan-International Industrial Corp.

Chairman: Lee, Kuang-Yao

Appendix 3

- I. The shares by all of the Directors of the Company recorded in the shareholders' roster as of the register closure date (April 2, 2024) for 2024 Annual General Shareholders' Meeting are as shown in the table below.
- II. The Company has issued a total number of 518,346,282 shares, and pursuant to the provision of Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the Company is not subject to the minimum number of shares that should be held by all directors.

**Pan-International Industrial Corp.
Director Individual Shareholding and Total Shareholdings Table**

Title	Name	Shareholdings recorded in the shareholders' roster as of the register closure date (April 2, 2024)	Ratio of shareholding
Chairman	Lee, Kuang-Yao	0 shares	0.00%
Director	Feng-An Huang	35,000 shares	0.01%
Director	Ying-Shih Huang	4,610 shares	0.00%
Independent Director	Wen-Jung Cheng	0 shares	0.00%
Independent Director	Ching-Wei Lin	0 shares	0.00%
Independent Director	Ming-Yi Kuo	0 shares	0.00%
Independent Director	Chih-Keng Chen	0 shares	0.00%
Total	All Directors	39,610 shares	0.01%