

Pan-International Industrial Corp. and
Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
Second Quarter in 2024 and 2023
(Stock code 2328)

Address: No. 97 Anxing Rd., Xindian District, New
Taipei City

Telephone: (02)2211-3066

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

Pan-International Industrial Corp. and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF
INDEPENDENT ACCOUNTANTS for 2nd QUARTER IN 2024 AND 2023
Table of Contents

Item	Page No.
I. Cover	1
II. Table of Contents	2 ~ 3
III. Independent Auditors' Review Report	4 ~ 7
IV. Consolidated Balance Sheets	8 ~ 9
V. Consolidated Statements of Comprehensive Income	10 ~ 11
VI. Consolidated Statements of Changes Equity	12
VII. Consolidated Statements of Cash Flows	13 ~ 14
VIII. Notes to consolidated financial reports	15 ~ 70
(I) Organization and operations	15
(II) The Authorization of Financial Reports	15
(III) Application of Newly Released and Revised Standards and Interpretations	15 ~ 16
(IV) Summary of Significant Accounting Policies	17 ~ 33
(V) Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions	33 ~ 34
(VI) Notes to Important Account Items	34 ~ 53

Item	Page No.
(VII) Related Party Transactions	53 ~ 57
(VIII) Pledged Assets	57
(IX) Significant Contingent Liabilities and Unrecognized Commitments	57
(X) Major Disaster Losses	58
(XI) Significant Subsequent Events	58
(XII) Others	58 ~ 68
(XIII) Additional Disclosures	68 ~ 69
(XIV) Operating Departments Information	69 ~ 70

Independent Auditors' Review Report

(2024) Cai-Shen-Bao-Zi No. 24001669

To Pan-International Industrial Corp.

Foreword

The consolidated balance sheet of Pan-International Industrial Corp. and its subsidiaries as of June 30, 2024 and 2023, the consolidated comprehensive income statement for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statement of changes in equity and consolidated cash flow statement for the six months ended June 30, 2024 and 2023, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies), have been duly reviewed by us. It is the responsibility of the management to prepare properly expressed consolidated financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and our responsibility is to conclude the consolidated financial reports based on the review results.

Scope

Except for retaining the statement in the basis paragraph of the qualified opinion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. The procedures to be carried out in reviewing the consolidated financial reports include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be

identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in notes 4(3) and 6(7) to the consolidated financial reports, the financial reports of the same period of some non-significant subsidiaries are included in the consolidated financial reports mentioned above and investments by equity method have not been verified by us. The total assets as of June 30, 2024 and 2023 were NT\$615,155 thousand and 485,979 thousand, respectively, which accounted for 2% and 2% of the total consolidated assets (including investment by equity method), respectively. The total liabilities were NT\$264,832 thousand and NT\$321,435 thousand, accounting for 3% and 4% of the total consolidated liabilities, respectively. The comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023 were NT\$(14,069) thousand, NT\$9,401 thousand, NT\$(35,276) thousand, and NT\$15,675 thousand, which accounted for (3%), 9%, (4%) and 2% of the consolidated comprehensive income, respectively.

Conclusion

According to our review results and the review report by other independent auditors (please refer to Other item), except that the financial reports of the non-significant subsidiaries and investments under the equity method mentioned in the paragraph about the basis paragraph of the qualified opinion, if audited by us, may lead to adjustments to the consolidated financial reports, it is not found that the consolidated financial reports above have not been prepared in terms of materiality in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting recognized and released by the Financial Supervisory Commission

which may prevent appropriate representation of the financial status of Pan-International Industrial Corp. and its subsidiaries as of June 30, 2024 and 2023, the consolidated financial performance for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, and consolidated cash flow for the six months ended June 30, 2024 and 2023.

Other item - Review by Other Independent Auditors

For some of the subsidiaries included in the consolidated financial reports of the Pan-International Group, their financial reports are not reviewed by us but by other independent auditors. We have implemented a necessary review of the adjustments to the conversion of these subsidiaries' financial reports into consistent accounting policies. Therefore, in our review report pertaining to the consolidated financial reports above, the amounts in the financial reports of these subsidiaries before adjustments are based on the review reports of other independent auditors. Their total assets as of June 30, 2024 and 2023 were NT\$6,096,915 thousand and NT\$5,857,208 thousand, respectively, accounting for 24% and 25% of the total consolidated assets. Their operating revenue for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2023 and 2022 were NT\$1,642,796 thousand, NT\$1,942,633 thousand, NT\$3,236,003 thousand, and NT\$4,245,141 thousand respectively, accounting for 30%, 31%, 32%, and 35% of the consolidated operating revenue.

PwC Taiwan

Yung-Chien Hsu

Independent Auditors

Jen-Chieh Wu

Former Financial Supervisory Commission, Executive Yuan
Approval Letter No.: (84) Tai-Tsai-Cheng (6) No. 13377
Financial Supervisory Commission
Approval No.: Jin-Guan-Cheng-Shen-Zi No. 1120348565

August 14, 2024

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Balance Sheet
June 30, 2024, and December 31, 2023 and June 30, 2023

Unit: NTD thousand

Assets		Note	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6 (1)	\$ 6,564,051	26	\$ 6,440,208	26	\$ 7,013,710	29
1110	Financial assets at FVTPL -	6 (2)						
	Current		11,225	-	10,536	-	10,318	-
1136	Financial assets measured at	6 (3) and 8						
	after-amortization cost -							
	Current		901,982	4	939,911	4	665	-
1150	Net notes receivable	6 (4)	206,598	1	106,539	1	38,644	-
1170	Net accounts receivable	6 (4)	3,550,328	14	3,372,367	14	3,437,532	14
1180	Accounts receivable - Related	7						
	parties net		2,622,734	11	2,845,211	12	3,025,300	13
1200	Other receivables		57,152	-	81,381	-	214,723	1
130X	Inventory	6 (5)	3,648,180	15	3,721,666	15	3,735,158	16
1470	Other current assets		244,861	1	191,882	1	163,376	1
11XX	Total Current Assets		17,807,111	72	17,709,701	73	17,639,426	74
Non-Current Assets								
1517	Financial assets measured at	6 (6)						
	fair value through other							
	comprehensive income - Non-							
	current		1,784,377	7	1,866,099	8	2,080,015	9
1535	Financial assets measured at	6 (3) and 8						
	after-amortization cost - Non-							
	current		290,000	1	294,760	1	4,711	-
1550	Investment by equity method	6 (7) and 8	640,614	3	664,077	3	702,157	3
1600	Property, plant, and equipment	6 (8) and 8	3,572,423	14	2,817,342	12	2,663,982	11
1755	Right-of-use assets	6 (9), 7 and						
		8	519,808	2	281,109	1	327,319	1
1760	Net investment property	6 (10) and 8	99,601	1	99,923	-	97,509	1
1780	Intangible asset	6 (11)	66,449	-	53,672	-	35,857	-
1840	Deferred tax assets		48,125	-	60,163	-	57,371	-
1900	Other non-current assets		72,473	-	550,363	2	157,053	1
15XX	Total non-current assets		7,093,870	28	6,687,508	27	6,125,974	26
1XXX	Total assets		\$ 24,900,981	100	\$ 24,397,209	100	\$ 23,765,400	100
(continued)								

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Balance Sheet
June 30, 2024, and December 31, 2023 and June 30, 2023

Unit: NTD thousand

LIABILITIES AND EQUITY		Note	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liability								
2100	Short-term borrowings	6 (12)	\$ 1,142,330	5	\$ 565,372	2	\$ 672,054	3
2130	Contractual liabilities - Current	6 (20) and 7	191,950	1	181,376	1	303,226	1
2150	Notes payable		890,301	4	1,041,396	4	218,639	1
2170	Accounts payable		3,547,820	14	3,739,360	15	3,475,173	15
2180	Accounts payable - Related parties	7	887,311	4	1,599,870	7	1,339,611	6
2200	Other payables	6 (13)	1,858,730	7	1,218,638	5	2,414,472	10
2230	Current tax liabilities		120,513	-	176,348	1	138,812	-
2280	Lease liabilities - Current	7	102,237	-	38,957	-	71,282	-
2300	Other current liabilities		1,067	-	26,295	-	20,477	-
21XX	Total current liabilities		8,742,259	35	8,587,612	35	8,653,746	36
Non-current liabilities								
2570	Deferred tax liabilities		363,289	2	370,515	2	372,429	2
2580	Lease liabilities - Non-current	7	236,657	1	60,745	-	71,710	-
2600	Other non-current liabilities		38,495	-	30,128	-	21,056	-
25XX	Total non-current liabilities		638,441	3	461,388	2	465,195	2
2XXX	Total liabilities		9,380,700	38	9,049,000	37	9,118,941	38
Equity attributable to owners of the parent company								
	Share capital	6 (15)						
3110	Common share capital		5,183,462	21	5,183,462	21	5,183,462	22
	Capital surplus	6 (16)						
3200	Capital surplus		1,503,606	5	1,503,606	6	1,503,606	6
	Retained earnings	6 (17)						
3310	Legal reserve		1,526,876	6	1,401,022	6	1,401,022	6
3320	Special reserve		1,410,735	6	1,385,207	6	1,385,207	6
3350	Undistributed earnings		5,041,709	20	5,343,835	22	4,704,859	20
	Other equities	6 (18)						
3400	Other equities		(1,138,215)	(4)	(1,410,735)	(6)	(1,315,876)	(6)
31XX	Total equity attributable to owners of the parent company		13,528,173	54	13,406,397	55	12,862,280	54
36XX	Non-controlling interests	6 (19)	1,992,108	8	1,941,812	8	1,784,179	8
3XXX	Total equity		15,520,281	62	15,348,209	63	14,646,459	62
3X2X	Total liabilities and equity		\$ 24,900,981	100	\$ 24,397,209	100	\$ 23,765,400	100

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to June 30, 2024 and 2023

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

Item		Note	January 1 to June 30, 2024		January 1 to September 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6 (20) and 7	\$ 5,446,118	100	\$ 6,217,119	100	\$ 10,103,988	100	\$ 12,297,777	100
5000	Operating cost	6 (5) (23) and 7	(4,665,396)	(86)	(5,570,366)	(89)	(8,763,198)	(87)	(10,833,215)	(88)
5900	Operating profit margin		<u>780,722</u>	<u>14</u>	<u>646,753</u>	<u>11</u>	<u>1,340,790</u>	<u>13</u>	<u>1,464,562</u>	<u>12</u>
	Operating expenses	6 (23)								
6100	Selling and marketing expenses		(72,592)	(1)	(58,963)	(1)	(150,832)	(2)	(138,694)	(1)
6200	General and administrative expenses		(216,848)	(4)	(211,857)	(3)	(409,296)	(4)	(393,713)	(3)
6300	Research and development expenses		(116,769)	(2)	(108,468)	(2)	(238,985)	(2)	(213,671)	(2)
6450	Expected credit impairment benefit (loss)	12 (2)	(6,582)	-	7,198	-	(6,052)	-	2,070	-
6000	Total operating expenses		(412,791)	(7)	(372,090)	(6)	(805,165)	(8)	(744,008)	(6)
6900	Operating profit		<u>367,931</u>	<u>7</u>	<u>274,663</u>	<u>5</u>	<u>535,625</u>	<u>5</u>	<u>720,554</u>	<u>6</u>
	Non-operating income and expense									
7100	Interest income		36,957	-	42,566	1	77,029	1	80,385	1
7010	Other income	6 (21)	40,730	1	28,707	-	77,206	1	40,970	-
7020	Other gains and losses	6 (22)	38,763	1	152,517	2	75,156	1	143,105	1
7050	Financial costs	6 (24)	(20,726)	(1)	(16,860)	-	(35,167)	(1)	(44,810)	-
7060	Share of profits and losses of affiliated companies and joint ventures recognized by the equity method	6 (7)	(14,070)	-	(14,004)	-	(23,781)	-	(32,740)	-
7000	Total non-operating income and expenses		<u>81,654</u>	<u>1</u>	<u>192,926</u>	<u>3</u>	<u>170,443</u>	<u>2</u>	<u>186,910</u>	<u>2</u>
7900	Net income before tax		449,585	8	467,589	8	706,068	7	907,464	8
7950	Income tax expense	6 (25)	(120,285)	(2)	(108,062)	(2)	(178,187)	(2)	(208,153)	(2)
8200	Net profit of the current period		<u>\$ 329,300</u>	<u>6</u>	<u>\$ 359,527</u>	<u>6</u>	<u>\$ 527,881</u>	<u>5</u>	<u>\$ 699,311</u>	<u>6</u>

(continued)

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to June 30, 2024 and 2023

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

			January 1 to June 30, 2024		January 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
Item		Note	Amount	%	Amount	%	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss										
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (18)	(\$ 19,503)	-	\$ 45,064	1	\$ 27,298	-	\$ 308,885	3
8310	Total of items not reclassified to profit or loss		(19,503)	-	45,064	1	27,298	-	308,885	3
Items that may be reclassified subsequently to profit or loss:										
8361	Currency translation difference	6 (18)	130,879	2	(295,493)	(5)	374,347	4	(325,165)	(3)
8360	Total of items that may be reclassified subsequently to profit or loss:		130,879	2	(295,493)	(5)	374,347	4	(325,165)	(3)
8300	Other comprehensive income (net)		\$ 111,376	2	(\$ 250,429)	(4)	\$ 401,645	4	(\$ 16,280)	-
8500	Total comprehensive income in the current period		\$ 440,676	8	\$ 109,098	2	\$ 929,526	9	\$ 683,031	6
NET PROFIT ATTRIBUTABLE TO:										
8610	Owners of the parent company		\$ 275,438	5	\$ 322,834	5	\$ 445,136	4	\$ 619,568	5
8620	Non-controlling interests		53,862	1	36,693	1	82,745	1	79,743	1
			\$ 329,300	6	\$ 359,527	6	\$ 527,881	5	\$ 699,311	6
Total comprehensive income attributable to:										
8710	Owners of the parent company		\$ 358,994	6	\$ 141,080	3	\$ 795,626	8	\$ 688,900	6
8720	Non-controlling interests		81,682	2	(31,982)	(1)	133,900	1	(5,869)	-
			\$ 440,676	8	\$ 109,098	2	\$ 929,526	9	\$ 683,031	6
Earnings per share (EPS)										
9750	Basic earnings per share	6 (26)	\$ 0.53		\$ 0.62		\$ 0.86		\$ 1.20	
9850	Diluted earnings per share		\$ 0.53		\$ 0.62		\$ 0.86		\$ 1.19	

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 June 30, 2024 and 2023

Unit: NTD thousand

Equity attributable to owners of the parent company												
		Capital surplus				Retained earnings			Other equities			
				Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.					Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
Note	Common share capital	Capital reserve - Issuance premium	Treasury share transaction		Legal reserve	Special reserve	Undistributed earnings	Currency translation difference		Total	Non-controlling interests	Total Equity
<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	-	-	-	-	-	-	619,568	-	-	619,568	79,743	699,311
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	-	(239,553)	308,885	69,332	(85,612)	(16,280)
Total comprehensive income in the current period	-	-	-	-	-	-	619,568	(239,553)	308,885	688,900	(5,869)	683,031
Earnings distribution and provisions for 2022:												
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)
Balance on June 30	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,401,022	\$ 1,385,207	\$ 4,704,859	(\$ 1,204,920)	(\$ 110,956)	\$ 12,862,280	\$ 1,784,179	\$ 14,646,459
<u>2024</u>												
Balance on January 1	\$ 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
Net profit of the current period	-	-	-	-	-	-	445,136	-	-	445,136	82,745	527,881
Other comprehensive income recognized for the period	6 (18)	-	-	-	-	-	-	323,192	27,298	350,490	51,155	401,645
Total comprehensive income in the current period	-	-	-	-	-	-	445,136	323,192	27,298	795,626	133,900	929,526
Earnings distribution and provisions for 2023:	6 (17)											
Provision of legal reserve	-	-	-	-	125,854	-	(125,854)	-	-	-	-	-
Provision of special reserve	-	-	-	-	-	25,528	(25,528)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(673,850)	-	-	(673,850)	-	(673,850)
Decrease in non-controlling interests	6 (19)	-	-	-	-	-	-	-	-	-	(83,604)	(83,604)
Disposal of equity instruments measured at fair value through other comprehensive income	6 (6)	-	-	-	-	-	77,970	-	(77,970)	-	-	-
Balance on June 30	\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,526,876	\$ 1,410,735	\$ 5,041,709	(\$ 818,870)	(\$ 319,345)	\$ 13,528,173	\$ 1,992,108	\$ 15,520,281

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to June 30, 2024 and 2023

		January 1 to June 30, 2024	Unit: NTD thousand January 1 to June 30, 2023
	Note		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 706,068	\$ 907,464
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (23)	338,142	322,494
Anticipated credit impairment loss (gain)	12 (2)	6,052	(2,070)
Net benefits of financial assets and liabilities measured at fair value through the income	6 (22)	(161)	(10,406)
Interest expense	6 (24)	35,167	44,810
Interest income		(77,029)	(80,385)
Dividend income	6 (21)	(12)	(6)
Share of profits and losses of affiliated companies recognized by the equity method	6 (7)	23,781	32,740
Net loss from the disposal of property, plant and equipment	6 (22)	1,459	2,253
Unrealized foreign exchange gain		-	(7,120)
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		(210)	9,884
Net notes receivable		(95,941)	(4,695)
Net accounts receivable		(105,320)	37,037
Accounts receivable - Related parties net		299,732	1,053,876
Other receivables		32,926	502,857
Inventory		150,968	28,150
Other current assets		(47,176)	(42,619)
Net change in liabilities related to operating activities			
Contractual liabilities		10,574	29,618
Notes payable		(178,272)	(131,356)
Accounts payable		(279,036)	(266,680)
Accounts payable - Related parties		(739,288)	(141,008)
Other payables		(67,831)	209,430
Other current liabilities		(26,295)	804
Other non-current liabilities		7,631	5,106
Cash (outflow) inflow from operations		(4,071)	2,500,178
Income tax paid		(228,097)	(343,818)
Net cash inflow (outflow) from operating activities		(232,168)	2,156,360
<u>Cash flows from investing activities</u>			
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	6 (6)	184,991	-
Decrease in financial assets at amortized cost		68,070	272,612
Purchase property, plant and equipment assets	6 (27)	(557,836)	(456,333)
Proceeds from disposal of property, plant and equipment		1,591	5,164
Acquisition of intangible assets	6 (11)	(11,918)	-
Decrease (increase) in refundable deposits		484	(11,605)
Increase in other non-current assets		(9,045)	(38,597)
Interest received		77,029	80,385
Dividend received		12	6
Net cash outflow from investment activities		(246,622)	(148,368)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6 (28)	651,479	303,010
Decrease in short-term borrowings	6 (28)	(105,882)	(1,703,839)
Lease principal repayment	6 (28)	(38,521)	(18,922)
Interest paid		(35,167)	(44,810)
Number of cash dividends paid to non-controlling interests	6 (19)	(83,604)	(80,254)
Net cash inflow (outflow) from financing activities		388,305	(1,544,815)

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp. and its Subsidiaries
Consolidated Statement of Cash Flows
January 1 to June 30, 2024 and 2023

	Note	January 1 to June 30, 2024	Unit: NTD thousand January 1 to June 30, 2023
Impact of changes in the exchange rate on cash and cash equivalents		214,328	(163,038)
Increase in cash and cash equivalents in the current period		123,843	300,139
Cash and cash equivalents at the beginning of the period		6,440,208	6,713,571
Cash and cash equivalents at the end of the period		<u>\$ 6,564,051</u>	<u>\$ 7,013,710</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 Subsidiaries
Notes to consolidated financial reports
Second Quarter in 2024 and 2023

Unit: NTD thousand
(unless otherwise noted)

I. Organization and operations

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

II. The Authorization of Financial Reports

This Consolidated Financial Statement has been passed by the Board for announcement on August 14, 2024.

III. Application of Newly Released and Revised Standards and Interpretations

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

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of IFRS recognized and promulgated by the FSC for application in 2024:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 16 "Lease Liabilities for Sale and Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of current or non-current liabilities"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with contract terms and conditions"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

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

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

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2025:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025
The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.	

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

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

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 "classification and measurement amendments of financial instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Information Comparison"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS - Volume 11	January 1, 2026

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

1. Amendments to IFRS 9 and IFRS 7 "classification and measurement amendments of financial instruments"

After the amendment, only the fair value of the category of the equity instruments designated as at fair value through other comprehensive income or loss through an irrevocable election (FVOCI) shall be disclosed. It is no longer necessary to disclose fair value information on a per-object basis. The amount of fair value gains and losses recognized in other comprehensive income during the reporting period should also be disclosed as the amount of fair value gains and losses related to investments derecognized during the reporting period and the amount of fair value gains and losses related to investments held at the end of the reporting period, respectively; and accumulated gains and losses on investments derecognized and transferred to equity during the reporting period.

2. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS No. 18 "Financial Statement Presentation and Disclosure" replaces IAS No. 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement, and strengthens the application in the summary of the main financial statements and notes and segmentation.

IV. Summary of Significant Accounting Policies

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

(I) Statement of compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard No. 34 "Interim financial reporting" endorsed and issued into effect by the FSC.

(II) Basis of preparation

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

(III) Basis of consolidation

1. Principles for preparation of consolidated financial reports
 - (1) All subsidiaries of the group are included in the individual entities of the consolidated financial reports. Subsidiaries refer to individual entities (including structured individual entities) controlled by the group. When the group is exposed to or entitled to variable remuneration from participation in an individual entity, and can influence such remuneration through the power over the individual entity, the group controls such an individual entity. Subsidiaries are included in the consolidated financial reports from the date when the group obtains their control, and the merger is terminated from the date of loss of control.
 - (2) Intra-group transactions, balances and unrealized gains and losses have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries which are consistent with the policies adopted by the Group.
 - (3) Each component of profit or loss and other comprehensive income is attributed to the owners and non-controlling interests of the parent company; the total comprehensive income is also attributed to the owners and non-controlling interests of the parent company, even if it results in a deficit in the balance of non-controlling interests.
 - (4) If the change in the shareholding of a subsidiary does not result in a loss of control (transactions with a non-controlling interest), it is treated as an equity transaction, that is, a transaction with the owner. The difference between the adjustment amount of a non-controlling interest and the fair value of the consideration paid or received is directly recognized under equity.

- (5) When the group loses control over a subsidiary, the remaining investment in this subsidiary is re-measured at fair value and is regarded as the fair value of the originally recognized financial assets or the cost of the investment in the originally recognized affiliated enterprise or joint venture, and the difference between the fair value and the book value is recognized as the current profit and loss. All amounts previously recognized in other comprehensive income related to the subsidiary are reclassified as profit and loss.

2. Subsidiaries listed in the consolidated financial reports:

Investor	Name of subsidiary	Main Business	% of Ownership			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
Pan-International Industrial Corp.	Pan-International Electronics Inc. (PIU)	Engaged in the import and sales of various electronic products.	100	100	100	(5)
Pan-International Industrial Corp.	Pan Global Holding Co., Ltd. (PGH)	Engaged in reinvestment in the Asia Pacific and mainland China businesses, and production and manufacturing of electronic signal cables, connectors, and computer peripheral products.	100	100	100	
Pan-International Industrial Corp.	Yann-Yang Investments Corp.	Engaged in the domestic investment business.	100	100	100	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (THAILAND) CO., LIMITED.	Production and sales of connection cables.	45	-	-	(2)
Yann-Yang Investments Corp.	Tekcon Electronics Corporation	Engaged in manufacturing and distribution of various electronic products.	83.58	83.58	83.58	
Pan Global Holding Co., Ltd.	P.I.E. Industrial Berhad	The holding company of the overseas	51.42	51.42	51.42	

Investor	Name of subsidiary	Main Business	% of Ownership			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
		reinvestment business.				
Pan Global Holding Co., Ltd.	BEYOND ACHIEVE ENTERPRISES LTD.	The holding company of the overseas reinvestment business.	100	100	100	
Pan Global Holding Co., Ltd.	Team Union International Ltd.	The holding company of the overseas reinvestment business.	100	100	100	(5)
Pan Global Holding Co., Ltd.	EAST HONEST HOLDINGS LIMITED	The holding company of the overseas reinvestment business.	100	100	100	
Tekcon Electronics Corporation	TEKCON BAHAMAS LTD	The holding company of the overseas reinvestment business.	100	100	100	(5)
TEKCON BAHAMAS LTD	Tekcon Huizhou Electronics Co., Ltd.	OEM manufacturing of connectors and connection cables.	100	100	100	(5)
TEKCON BAHAMAS LTD	CARBO ENTERPRISES LIMITED	The holding company of the overseas reinvestment business.	-	-	100	(1) (5)
P.I.E Industrial Berhad	PAN-INTERNATIONAL WIRE & CABLE (MALASIA) SDN. BHD.	Production and sales of electric cables.	100	100	100	
P.I.E Industrial Berhad	PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	Production and sales of connection cables and electronic products.	100	100	100	

Investor	Name of subsidiary	Main Business	% of Ownership			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
P.I.E Industrial Berhad	PAN-INTERNATION AL ELECTRONICS (THAILAND) CO., LIMITED.	Production and sales of connection cables.	55	100	100	(2)
PAN-INTERNATION AL ELECTRONICS (MALASIA) SDN. BHD.	PAN-INTERNATION AL CORPORATIO N (S) PTE. LIMITED.	Sales of connection wires and connectors.	30	30	30	
PAN-INTERNATION AL ELECTRONICS (MALASIA) SDN. BHD.	PIE ENTERPRISE (M) SDN. BHD.	Sales of connection cables and electronic products.	100	100	100	
PAN-INTERNATION AL WIRE & CABLE (MALASIA) SDN. BHD.	PIW ENTERPRISE (MALASIA) SDN. BHD.	Sales of electric cables.	100	100	100	
BEYOND ACHIEVE ENTERPRISES LTD.	New Ocean Precision Component (Jiangxi) Co., Ltd.	Production and operation of various plugs, sockets, telecommunicati on systems, etc..	100	100	100	
Team Union International Ltd.	Pan-International Precision Electronic Co., Ltd.	Production and sales of electric cables.	100	100	100	
Team Union International Ltd.	Chaohu Ruichang Electric System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	58	-	-	(3)
EAST HONEST HOLDINGS LIMITED	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	PCB production and assembly, etc..	100	100	100	
Honghuasheng Precision Electronics	CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive	25.37	-	-	(4)

Investor	Name of subsidiary	Main Business	% of Ownership			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
(Yantai) Co., Ltd.		wiring harness products.				
Pan-International Precision Electronic Co., Ltd.	Pan-International Sunrise Trading Corp.	Sales of electrical cables, computer accessories, wireless bluetooth, turnkey, etc.	100	100	100	(5)
Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products.	74.63	100	100	(4)
Pan-International Precision Electronic Co., Ltd.	YiBing Pan-International Vehicle Wire Co., Ltd.	Auto parts and accessories, smart vehicle equipment manufacturing, etc..	100	100	100	
CJ Electric Systems Co., Ltd.	Chaohu Ruichang Electric System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	42	100	100	(3)
CJ Electric Systems Co., Ltd.	Ordos City Ruichang Electric System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	100	
CJ Electric Systems Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	Manufacture and sales of automotive wiring harness products.	100	100	100	
CJ Electric Systems Co., Ltd.	Anqing Ruiyu Automotive Electrical System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	48.78	48.78	48.78	
Ordos City Ruichang Electric System Co., Ltd.	Anqing Ruiyu Automotive Electrical System Co., Ltd.	Manufacture and sales of automotive wiring harness products.	51.22	51.22	51.22	

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

(2) The Company increased capital in the sub-subsidiary Pan-International Electronics (THAILAND) CO., LIMITED. in the first quarter of 2024, with the result that the

shareholding of the subsidiary PIE INDUSTRIAL BERHAD in this company was reduced to 55%. The total shareholding of the Company and P.I.E. INDUSTRIAL BERHAD in this company is 100%.

(3) The Company's sub-subsidiary TEAM UNION INTERNATIONAL LTD. increased capital in the sub-subsidiary Chaohu Ruichang Electric System Co., Ltd. in the first quarter of 2024, with the result that the shareholding of the sub-subsidiary CJ Electric Systems Co., Ltd. in this company was reduced to 42%. The total shareholding of TEAM UNION INTERNATIONAL LTD and CJ Electric Systems Co., Ltd. is 100%.

(4) In the second quarter of 2024, the Company's sub-subsidiary Honghuasheng Precision Electronics (Yantai) Co., Ltd. increased capital to sub-subsidiary, CJ Electric Systems Co., Ltd. As such, the shareholding of Pan-International Precision Electronic Co., Ltd. in the company decreased to 74.63%, while Honghuasheng Precision Electronics (Yantai) Co., Ltd. and Pan-International Precision Electronic Co., Ltd. together hold 100% of the company's shares."

(5) The financial statements as of June 30, 2024 and 2023 have not been reviewed by CPAs.

3. Subsidiaries not included in the consolidated financial reports: No such situation.

4. Different adjustment and treatment methods of subsidiary accounting period: No such situation.

5. Major limitation: No such situation.

6. Subsidiaries with significant non-controlling interests in the group

The total amount of non-controlling interests of the Group as of March 30, 2024, December 31, 2023, and June 30, 2023 were NT\$1,992,108, NT\$1,941,812, and NT\$1,784,179, respectively. The following is the information about the significant non-controlling interests of the Group and its subsidiaries:

Name of subsidiary	Main business location	Non-controlling interests					
		June 30, 2023		December 31, 2023		June 30, 2023	
		Amount	Shareholding percentage	Amount	Shareholding percentage	Amount	Shareholding percentage
P.I.E Industrial Berhad	Malaysia	\$1,965,058	49	\$ 1,910,332	49	\$ 1,748,989	49

Summary financial information of subsidiaries:

Balance sheet

	June 30, 2024	December 31, 2023	June 30, 2023
Current Assets	\$ 4,210,679	\$ 4,498,290	\$ 4,373,329
Non-Current Assets	1,744,207	1,428,253	1,352,637
Current liability	(1,662,403)	(1,922,596)	(2,054,619)
Non-current liabilities	(76,679)	(71,604)	(71,122)
Net total assets	<u>\$ 4,215,804</u>	<u>\$ 3,932,343</u>	<u>\$ 3,600,225</u>

Comprehensive Income Statement

	<u>April 1 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Income	\$ 1,642,796	\$ 1,942,633
Net income before tax	149,982	103,115
Income tax expense	(35,028)	(25,954)
Net profit of the current period	114,954	77,161
Other comprehensive income (after tax)	54,362	(133,423)
Total comprehensive income in the current period	<u>\$ 169,316</u>	<u>(\$ 56,262)</u>
Total comprehensive profit and loss attributable to non-controlling interests	<u>\$ 82,625</u>	<u>(\$ 27,333)</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Income	\$ 3,236,003	\$ 4,245,141
Net income before tax	234,843	230,262
Income tax expense	(55,830)	(60,234)
Net profit of the current period	179,013	170,028
Other comprehensive income (after tax)	99,407	(159,922)
Total comprehensive income in the current period	<u>\$ 278,420</u>	<u>\$ 10,106</u>
Total comprehensive profit and loss attributable to non-controlling interests	<u>\$ 135,507</u>	<u>\$ 4,909</u>

Cash Flow Statement

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Net cash inflow from operating activities	\$ 361,139	\$ 787,020
Net cash outflow from investment activities	(352,397)	(164,494)
Net cash inflow (outflow) from financing activities	145,726	(474,197)
Effects of exchange rate changes on the balance of cash and cash equivalents	18,966	(33,344)
Decrease in cash and cash equivalents in the current period	<u>173,434</u>	<u>114,985</u>
Cash and cash equivalents at the beginning of the period	<u>416,440</u>	<u>438,891</u>
Cash and cash equivalents at the end of the period	<u>\$ 589,874</u>	<u>\$ 553,876</u>

(IV) Foreign exchange conversion

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

2. Foreign currency transactions and balances

- (1) Foreign currency transactions are converted into the functional currency at the spot exchange rate on the transaction date or measurement date, and the conversion difference arising from the conversion of such transactions is recognized as current profit and loss.
- (2) The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted at the spot exchange rate on the balance sheet date, and the conversion difference arising from the adjustment shall be recognized as the current profit and loss.
- (3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through income shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized as the current profit and loss; if the balance is measured at fair value through other comprehensive income, it shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in others comprehensive income; if it is not measured by fair value, it is measured according to the historical exchange rate on the initial trading day.
- (4) All exchange gains and losses are reported in "other gains and losses" in the income statement.

3. Conversion of foreign operations

- (1) For all group individuals and affiliated enterprises whose functional currency is different from the presentation currency, their operating results and financial status shall be converted into the presentation currency in the following ways:
 - A. Assets and liabilities expressed on each balance sheet are converted at the closing exchange rate on that balance sheet date;
 - B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and
 - C. All exchange differences arising from the conversion are recognized in other comprehensive income.
- (2) When the foreign operation which is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is returned to the non-controlling interest of the foreign operation on a pro-rata basis. However, if the Group still retains part of its interest in the aforementioned subsidiary, but has lost control of the subsidiary of the foreign operation, it shall be treated as a disposal of all the rights and interests of the foreign operation.
- (3) Goodwill and fair value adjustments arising from the acquisition of a foreign individual entity are treated as assets and liabilities of the foreign individual entity and are converted at the exchange rate at the end of the period.

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

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

- (1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.
- (2) Held mainly for trading purposes.
- (3) Expected to be realized within 12 months after the balance sheet date.
- (4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

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

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

- (1) Those that are expected to be settled in the normal business cycle.
- (2) Held mainly for trading purposes.
- (3) Expected to be settled within 12 months after the balance sheet date.
- (4) Those without the right to defer the settlement of liabilities for at least 12 months after the reporting period.

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

(VI) Cash equivalents

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

(VII) Financial assets at FVTPL

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

(VIII) Financial assets at fair value through other comprehensive income

1. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - (1) The financial asset is held under the business model to collect contractual cash flow and for sale.
 - (2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.
2. The Group adopts transaction day accounting for financial assets measured at fair value through other comprehensive income in accordance with trading practices.
3. The group measures their fair value plus transaction costs at the time of original recognition, and is subsequently measured at fair value:
 - (1) Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in and the number of dividends can be reliably measured, the group recognizes dividend income in profit or loss.
 - (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment loss, interest income, and foreign currency exchange gain or loss before derecognition are recognized in profit or loss. At the time of derecognition,

the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(IX) Financial assets measured at after-amortization cost

1. Refers to those who meet the following conditions at the same time:
 - (1) Holding the financial asset under the business model to collect the contractual cash flow.
 - (2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.
2. The Group adopts transaction day accounting for financial assets measured at after-amortization cost in accordance with trading practices.
3. The group measures their fair value plus transaction cost at the time of original recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and the profit or loss is recognized in profit and loss at the time of derecognition.
4. Due to the short holding period, the fixed deposits held by the group that does not conform to cash equivalents have an insignificant discount effect and are therefore measured by the investment amount.

(X) Accounts and notes receivable

1. Refer to accounts and notes which, according to the contract, have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.
2. For short-term accounts and notes receivable with unpaid interest, as they have little effect on discount, the group measures them based on the original invoice amount.

(XI) Impairment of financial assets

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

(XII) Derecognition of financial assets

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

(XIII) Lessor's lease transaction - Operating lease

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

(XIV) Inventory

Inventories are measured by the lower of cost and net realizable value, and the cost is determined by the weighted average method. The cost of finished products and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not

include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after subtracting the estimated cost that must be invested before completion and the estimated costs necessary to make the sale.

(XV) Investment by equity method - Affiliated enterprises

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

(XVI) Property, plant, and equipment

1. Property, plant and equipment are recorded based on the acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the book value of assets or recognized as a separate asset

only when the future economic benefits related to the project are likely to flow into the group and the cost of the project can be measured reliably. The book value of the reset part should be derecognised. All other maintenance costs are recognized in current profit or loss when incurred.

3. For property, plant and equipment, the cost model is adopted for the subsequent measurement. Except that land is not depreciated, the depreciation is calculated by the straight-line method according to the estimated service life. If the components of property, plant and equipment are significant, they are separately depreciated.
4. The Group reviews the residual value, service life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value or service life is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, then from the date of the change, it shall be handled in accordance with the provisions of the International Accounting Standard No. 8 "Accounting Policies, Changes and Errors in Accounting Estimates." The service life of each asset is as follows:

Buildings	15 ~ 51 years
Equipment	3 ~ 9 years
Others	1 ~ 6 years

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

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the group. When the lease contract is a short-term lease or lease of a low-value target asset, the lease payment shall be recognized as an expense during the lease period by the straight-line method.
2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted current value of the group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

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

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

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

(XVIII) Investment property

Investment property is recognized at the acquisition cost, and the cost model is adopted for the subsequent measurement. Except for land, depreciation is made on a straight-line method based on the estimated service life, and the service life is 15–51 years.

(XIX) Intangible asset

1. Goodwill is generated by corporate acquisition based on the purchase method.

2. Computer software is recognized at acquisition cost, and amortized using the straight-line method over the estimated useful life of 3 - 10 years.

(XX) Impairment of non-financial assets

1. The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its book value, the impairment loss is recognized. The recoverable amount refers to the fair value of an asset minus disposal cost or its right-of-use value, whichever is higher. Except for goodwill, when there is no impairment or reduction in the assets recognized in the previous year, the impairment loss will be reversed, but the book value of the assets increased by the reversal of the impairment loss shall not exceed the book value of the assets if the impairment loss is not recognized after deduction of the depreciation or amortization.
2. The recoverable amount of goodwill is regularly estimated. When the recoverable amount is lower than its book value, the impairment loss is recognized. The impairment loss of goodwill impairment will not be reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for impairment testing. This allocation is based on the identification of the operating departments, and goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the corporate merger that generates goodwill.

(XXI) Borrowings

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

(XXII) Note payable and accounts payable

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

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

1. It refers to financial liabilities that are incurred for the primary purpose of repurchasing in the near term and derivatives held for trading other than those designated as hedging instruments under hedging accounting.
2. The group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXIV) Derecognition of financial liabilities

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

(XXV) The offset of financial assets and liabilities

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

(XXVI) Non-hedging derivatives and embedded derivatives

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

(XXVII) Provisions

Provisions (including warranty) are recognized when a present legal or constructive obligation is incurred as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The provisions are measured based on the best estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate is based on the pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the liability and recognized as interest expense. No provisions shall be recognized for future operating losses.

(XXVIII) Employee welfare

1. Short-term employee benefits

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

2. Pension

(1) Defined allocation plan

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

(2) Defined benefit plan

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

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

C. The interim pension cost is calculated based on the pension cost rate determined

at the end of the previous fiscal year on the basis from the beginning until the end of the current period. If there are major market changes and major reductions, settlements, or other major one-off events after the ending date, adjustments shall be made and relevant information revealed in accordance with the aforementioned policies.

3. Employee remuneration and director's remuneration

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

(XXIX) Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for income tax related to items included respectively in other comprehensive income or directly included in equity.
2. The group calculates the current income tax based on the tax rate enacted or substantively enacted on the balance sheet date by the country where the group operates and the taxable income is generated. The management assesses the status of income tax returns regularly with respect to the applicable income tax laws and regulations, and, where applicable, assesses income tax liabilities based on the amount of tax expected to be paid to the tax authorities. Undistributed earnings are subject to income tax in accordance with the income tax law, and the income tax expense of undistributed earnings shall be recognized in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated, after the earnings distribution proposal is passed by the shareholders' meeting.
3. Deferred income tax is recognized according to the temporary difference between the tax base of assets and liabilities and their book value in the consolidated balance sheet by using the balance sheet method. Deferred income tax liabilities arising from originally recognized goodwill are not recognized. If the deferred income tax comes from the originally recognized assets or liabilities in a transaction (excluding business merger), and the accounting profit or tax income (tax loss) is not affected at the time of the transaction nor does it generate a corresponding taxable and deductible temporary difference, then it is not recognized. If there is a temporary difference arising from the investment in subsidiaries and affiliated enterprises, the Group can control the reversal time point of the temporary difference, and the temporary difference is likely to not be reversed in the foreseeable future, then it will not be recognized. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets are recognized to the extent that the temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. The current income tax assets and current income tax liabilities can be offset when there is a legal enforcement right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time. When there is a legal enforcement right to offset the current

income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer, or different taxpayers of the same tax authority and each entity intends to pay off the assets and liabilities on a net basis or realize the assets and settle the liabilities at the same time, then the deferred income tax assets and liabilities can be offset against each other.

6. The portion of unused income tax deduction for deferred use generated from the procurement of equipment or technology, R&D spending and investment in equity shall be recognized as deferred income tax assets within the scope of using unused income tax deduction for taxation with a high probability in the future.
7. The interim income tax expense is calculated by applying the estimated annual average effective tax rate to the interim pre-tax, and relevant information is disclosed in accordance with the policies above.
8. When there is a tax rate change in the interim period, the Group will recognize the effect of the change in one go in the current period of the change. For those related to income tax and items other than profit and loss, the effect of the change will be recognized in other comprehensive income or changes in equity. For those related to income tax and items recognized as income, the effect of the change will be recognized in profit and loss.

(XXX) Dividend distribution

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

(XXXI) Revenue recognition

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

(XXXII) Government subsidy

Government subsidy is recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidy and will receive the subsidy. If the nature of the government subsidy is to compensate for the

expenses incurred by the group, the government subsidy shall be recognized as the current income on a systematic basis during the period of the relevant expenses.

(XXXIII) Operation departments

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

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

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

(I) Important judgment for accounting policy adoption

Recognition of gross or net income

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

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

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

(II) Important accounting estimates and assumptions

Inventory evaluation

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

occur. Please refer to Note 6 (5) for the carrying amount of the Group's inventory as of June 30, 2024.

VI. Notes to Important Account Items

(I) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and working capital	\$ 614	\$ 654	\$ 834
Checking and demand deposit accounts	4,655,314	4,886,887	4,853,536
Time deposit	596,457	972,390	1,161,763
Bond repos	1,311,666	580,277	997,577
	<u>\$ 6,564,051</u>	<u>\$ 6,440,208</u>	<u>\$ 7,013,710</u>

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.
2. For information on the Group's pledged bank deposits, classified as financial assets measured at amortized cost, as of June 30, 2024, December 31, 2023 and March 31, 2023, please refer to Note 6 (3) and Note 8.

(II) Financial assets at FVTPL

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Mandatory financial assets measured at fair value through income			
Open-end funds	\$ 11,225	\$ 10,536	\$ 10,318

1. For the financial products held by the Group from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, a net gain of NT\$100, NT\$84, NT\$161, and NT\$10,406 were recognized respectively.
2. The Group has not pledged financial assets measured at fair value through income.

(III) Financial assets measured at after-amortization cost

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Restricted bank deposits	\$ 893,567	\$ 936,314	\$ -
Pledged time deposits	8,415	3,597	665
Total	<u>\$ 901,982</u>	<u>\$ 939,911</u>	<u>\$ 665</u>
Non-current items:			
Ordinary corporate bonds	\$ 290,000	\$ 290,000	\$ -
Pledged time deposits	-	4,760	4,711
Total	<u>\$ 290,000</u>	<u>\$ 294,760</u>	<u>\$ 4,711</u>

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

(IV) Notes and accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Note receivable	\$ 206,700	\$ 106,582	\$ 38,644
Less: Allowance for impairment loss	(102)	(43)	-
Total	<u>\$ 206,598</u>	<u>\$ 106,539</u>	<u>\$ 38,644</u>
Accounts receivable	\$ 3,557,696	\$ 3,377,206	3,441,253
Less: Allowance for impairment loss	(7,368)	(4,839)	(3,721)
Total	<u>\$ 3,550,328</u>	<u>\$ 3,372,367</u>	<u>\$ 3,437,532</u>

1. The group does not hold any collateral.
2. The balance of accounts receivable and notes receivable as of June 30, 2024, December 31, 2023, and June 30, 2023 were generated from customer contracts, and the balance of notes receivable and accounts receivable of customer contracts on January 1, 2023 was NT\$3,595,589.
3. Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of notes and accounts receivable of the Group on June 30, 2024, December 31, 2023, and June 31, 2023 is the book value of each type of notes and accounts receivable.
4. Please refer to Note 12(2) for details of relevant credit risk information.

(V) Inventory

	<u>June 30, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Book value</u>
Raw materials	\$ 1,013,715	(\$ 44,128)	\$ 969,587
Work in process	869,863	(14,667)	855,196
Finished products	<u>1,926,024</u>	<u>(102,627)</u>	<u>1,823,397</u>
	<u>\$ 3,809,602</u>	<u>(\$ 161,422)</u>	<u>\$ 3,648,180</u>

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

	<u>June 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Book value</u>
Raw materials	\$ 1,269,218	(\$ 31,702)	\$ 1,237,516
Work in process	876,120	(14,006)	862,114
Finished products	<u>1,747,354</u>	<u>(111,826)</u>	<u>1,635,528</u>

\$ 3,892,692 (\$ 157,534) \$ 3,735,158

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

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Cost of inventory sold	\$ 4,688,422	\$ 5,594,892
Inventory valuation loss (rebound profit)	3,597	1,203
Income from sales of scrap materials	(26,623)	(25,729)
	<u>\$ 4,665,396</u>	<u>\$ 5,570,366</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Cost of inventory sold	\$ 8,797,145	\$ 10,893,628
Inventory valuation loss (rebound profit)	10,953	(11,617)
Income from sales of scrap materials	(44,900)	(48,796)
	<u>\$ 8,763,198</u>	<u>\$ 10,833,215</u>

From April 1 to June 30, 2024 and January 1 to June 30, 2023, the Group's net realizable value of inventories rose due to the elimination of some of the inventories whose net realizable value was lower than the cost.

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

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items:			
Equity instruments			
Listed and OTC stocks	\$ 860,620	\$ 1,016,823	\$ 1,141,446
Non-listed, OTC, or emerging stocks	923,757	849,276	938,569
Total	<u>\$ 1,784,377</u>	<u>\$ 1,866,099</u>	<u>\$ 2,080,015</u>

1. The Group has elected to classify its strategic equity investments as financial assets at fair value through other comprehensive profit or loss.
2. From January 1 to June 30, 2024, due to working capital requirements, the Group sold shares of listed companies with a fair value of \$184,991, and the cumulative disposal gain (accounted for in unappropriated earnings) was \$77,970. From January 1 to June 30, 2023, no shares of the listed company were sold.
3. Please refer to note 6(18) other equity items for the items the Group recognized in other comprehensive income due to changes in fair value from January 1 to June 30, 2024 and 2023.
4. None of the Group's financial assets measured at fair value through other comprehensive income were pledged as of June 30, 2024, December 31, 2023, and June 30, 2023.

(VII) Investment by equity method

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
LONG TIME TECH. CO., LTD.	\$ 639,738	\$ 662,973	\$ 700,991

Pan-International Corporation (S) Pte Ltd. (PIS)

	876	1,104	1,166
	<u>\$ 640,614</u>	<u>\$ 664,077</u>	<u>\$ 702,157</u>

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

	April 1 to June 30, 2024	April 1 to June 30, 2023
Current net loss of continuing business units	<u>(\$ 14,070)</u>	<u>(\$ 14,004)</u>
Total comprehensive income in the current period	<u>(\$ 14,070)</u>	<u>(\$ 14,004)</u>

	January 1 to June 30, 2024	January 1 to June 30, 2023
Current net loss of continuing business units	<u>(\$ 23,781)</u>	<u>(\$ 32,740)</u>
Total comprehensive income in the current period	<u>(\$ 23,781)</u>	<u>(\$ 32,740)</u>

2. Pan-International Corporation (S) Pte Ltd. (PIS), a sub-subsidiary of the Group, conducted a cash capital increase in the first quarter of 2023. The Group did not subscribe in proportion to its shareholding in 2023, causing the shareholding to fall to 30%. As the Group is not the company's single largest shareholder, indicating that the Group has no actual power to lead its relevant activities, the Group lost its control over PIS and only has significant influence on it.
3. The Group's investment by equity method on January 1 to June 30, 2024 and 2023, were evaluated based on financial reports compiled by the affiliated enterprise which were not reviewed by an independent auditor during the same period.
4. Please refer to Note 8 for details on investment by equity method that the Group had placed as collateral for contractual liabilities.

(VIII) Property, plant, and equipment

	Land	Buildings	Equipment	Others	Unfinished construction and equipment to be accepted	Total
January 1, 2024						
Cost	\$ 23,726	\$ 902,497	\$ 5,841,688	\$ 993,444	\$ 259,751	\$ 8,021,106
Cumulative depreciation	-	(473,363)	(4,029,805)	(700,596)	-	(5,203,764)
	<u>\$ 23,726</u>	<u>\$ 429,134</u>	<u>\$ 1,811,883</u>	<u>\$ 292,848</u>	<u>\$ 259,751</u>	<u>\$ 2,817,342</u>
2024						
January 1	\$ 23,726	\$ 429,134	\$ 1,811,883	\$ 292,848	\$ 259,751	\$ 2,817,342
Addition	-	10,700	339,003	15,457	94,643	459,803
Disposal	-	-	(2,174)	(849)	(27)	(3,050)
Transfer	344,349	139,573	-	-	-	483,922

Depreciation expenses	-	(19,518)	(194,197)	(52,562)	-	(266,277)
Net exchange difference	(214)	12,074	52,996	7,620	8,207	80,683
June 30	<u>\$ 367,861</u>	<u>\$ 571,963</u>	<u>\$ 2,007,511</u>	<u>\$ 262,514</u>	<u>\$ 362,574</u>	<u>\$ 3,572,423</u>
June 30, 2024						
Cost	\$ 367,861	\$ 1,075,178	\$ 6,264,597	\$ 1,029,960	\$ 362,574	\$ 9,100,170
Cumulative depreciation	<u>-</u>	<u>(503,215)</u>	<u>(4,257,086)</u>	<u>(767,446)</u>	<u>-</u>	<u>(5,527,747)</u>
	<u>\$ 367,861</u>	<u>\$ 571,963</u>	<u>\$ 2,007,511</u>	<u>\$ 262,514</u>	<u>\$ 362,574</u>	<u>\$ 3,572,423</u>
					Unfinished construction and equipment to be accepted	
	Land	Buildings	Equipment	Others		Total
January 1, 2023						
Cost	\$ 23,617	\$ 811,024	\$ 5,735,467	\$ 881,950	\$ 212,340	\$ 7,664,398
Cumulative depreciation	<u>-</u>	<u>(453,224)</u>	<u>(3,888,716)</u>	<u>(635,963)</u>	<u>-</u>	<u>(4,977,903)</u>
	<u>\$ 23,617</u>	<u>\$ 357,800</u>	<u>\$ 1,846,751</u>	<u>\$ 245,987</u>	<u>\$ 212,340</u>	<u>\$ 2,686,495</u>
2023						
January 1	\$ 23,617	\$ 357,800	\$ 1,846,751	\$ 245,987	\$ 212,340	\$ 2,686,495
Addition	-	-	207,984	41,139	81,726	330,849
Disposal	-	(56)	(5,549)	(1,576)	(236)	(7,417)
Transfer	-	(6,655)	21,938	53	(16,957)	(1,621)
Depreciation expenses	-	(13,879)	(208,892)	(44,650)	-	(267,421)
Net exchange difference	(100)	122	(59,867)	(6,718)	(10,340)	(76,903)
June 30	<u>\$ 23,517</u>	<u>\$ 337,332</u>	<u>\$ 1,802,365</u>	<u>\$ 234,235</u>	<u>\$ 266,533</u>	<u>\$ 2,663,982</u>
June 30, 2023						
Cost	\$ 23,517	\$ 791,213	\$ 5,654,903	\$ 867,120	\$ 266,533	\$ 7,603,286
Cumulative depreciation	<u>-</u>	<u>(453,881)</u>	<u>(3,852,538)</u>	<u>(632,885)</u>	<u>-</u>	<u>(4,939,304)</u>
	<u>\$ 23,517</u>	<u>\$ 337,332</u>	<u>\$ 1,802,365</u>	<u>\$ 234,235</u>	<u>\$ 266,533</u>	<u>\$ 2,663,982</u>

1. Please refer to note 8 for details of the Group's pledged property, plant and equipment.
2. On November 30, 2021, the Company's board of directors resolved to purchase pre-sale factory and office buildings, and it would be transferred from prepayment for land and building (presented as other non-current assets) to land and buildings in the state available for use in the first quarter of 2024.

(IX) Lease transaction - Lessee

1. The underlying assets of the group include land, plants and buildings, and the terms of the lease contracts usually range from 1 to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. There are no other restrictions except

that the leased assets may not be used as a loan guarantee.

2. The lease term of office equipment and transportation equipment leased by the Group does not exceed 12 months.
3. The book value and recognized depreciation expense information of the right-of-use assets are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Book value	Book value	Book value
Land	\$ 185,709	\$ 185,570	\$ 189,615
Houses	334,099	95,539	137,704
	<u>\$ 519,808</u>	<u>\$ 281,109</u>	<u>\$ 327,319</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023
	Depreciation expenses	Depreciation expenses
Land	\$ 2,299	\$ 2,277
Houses	38,543	22,103
	<u>\$ 40,842</u>	<u>\$ 24,380</u>

	January 1 to June 30, 2024	January 1 to June 30, 2023
	Depreciation expenses	Depreciation expenses
Land	\$ 4,542	\$ 4,596
Houses	59,944	44,492
	<u>\$ 64,486</u>	<u>\$ 49,088</u>

4. The increase in the Group's right-of-use assets from January 1 to June 30, 2024 and 2023 were NTD 270,391 and NTD 2,221, respectively.
5. The information on profit and loss items related to leasing contracts is as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 3,040	\$ 1,592
Expenses of short-term lease contracts	4,927	6,757

	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 5,222	\$ 3,386
Expenses of short-term lease contracts	14,984	9,921

6. The total cash outflow from the leases of the Group for the three months ended June 30, 2024

and 2023, and for the six months ended June 30, 2024 and 2023, were NT\$44,987, NT\$17,899, NT\$58,727 and NT\$32,229, respectively.

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

(X) Investment property

	Land	Buildings	Total
January 1, 2024			
Cost	\$ 79,051	\$ 106,546	\$ 185,597
Cumulative depreciation and impairment	-	(85,674)	(85,674)
	<u>\$ 79,051</u>	<u>\$ 20,872</u>	<u>\$ 99,923</u>
<u>2024</u>			
January 1	\$ 79,051	\$ 20,872	\$ 99,923
Depreciation expenses	-	(799)	(799)
Net exchange difference	1,136	(659)	477
June 30	<u>\$ 80,187</u>	<u>\$ 19,414</u>	<u>\$ 99,601</u>
June 30, 2023			
Cost	\$ 80,187	\$ 107,783	\$ 187,970
Cumulative depreciation and impairment	-	(88,369)	(88,369)
	<u>\$ 80,187</u>	<u>\$ 19,414</u>	<u>\$ 99,601</u>
	Land	Buildings	Total
January 1, 2023			
Cost	\$ 79,107	\$ 108,215	\$ 187,322
Cumulative depreciation and impairment	-	(87,003)	(87,003)
	<u>\$ 79,107</u>	<u>\$ 21,212</u>	<u>\$ 100,319</u>
<u>2023</u>			
January 1	\$ 79,107	\$ 21,212	\$ 100,319
Depreciation expenses	-	(791)	(791)
Net exchange difference	(1,731)	(288)	(2,019)
June 30	<u>\$ 77,376</u>	<u>\$ 20,133</u>	<u>\$ 97,509</u>
June 30, 2023			
Cost	\$ 77,376	\$ 105,863	\$ 183,239
Cumulative depreciation and impairment	-	(85,730)	(85,730)
	<u>\$ 77,376</u>	<u>\$ 20,133</u>	<u>\$ 97,509</u>

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

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Rental income of investment property	<u>\$ 7,710</u>	<u>\$ 4,297</u>
Direct operating expenses of investment property that generate rental income in the current period	<u>\$ 404</u>	<u>\$ 384</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Rental income of investment property	<u>\$ 14,767</u>	<u>\$ 11,196</u>
Direct operating expenses of investment property that generate rental income in the current period	<u>\$ 799</u>	<u>\$ 791</u>

2. The fair value of the investment properties held by the Group as of June 30, 2024, December 31, 2023, and June 30, 2023 were NT\$378,147, NT\$364,547, and NT\$419,829, respectively, which was the valuation of the assessment by comparative method with the market transaction prices obtained by the Group. The result indicated Level 3 fair value.

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

(XI) Intangible asset

	<u>Computer software</u>	<u>Goodwill</u>	<u>Total</u>
January 1, 2024			
Cost	\$ 20,397	\$ 36,141	\$ 56,538
Accumulated amortization and impairment	(2,866)	-	(2,866)
	<u>\$ 17,531</u>	<u>\$ 36,141</u>	<u>\$ 53,672</u>
<u>2024</u>			
January 1	\$ 17,531	\$ 36,141	\$ 53,672
Addition	11,918	-	11,918
Amortization expenses (mainly listed as administrative expenses)	(1,917)	-	(1,917)
Net exchange difference	1,765	1,011	2,776
June 30	<u>\$ 29,297</u>	<u>\$ 37,152</u>	<u>\$ 66,449</u>
June 30, 2024			
Cost	\$ 32,947	\$ 37,152	\$ 70,099
Accumulated amortization and impairment	(3,650)	-	(3,650)
	<u>\$ 29,297</u>	<u>\$ 37,152</u>	<u>\$ 66,449</u>

	<u>Goodwill</u>
January 1, 2023	

	Goodwill
Cost	\$ 37,072
Accumulated amortization and impairment	-
	<u>\$ 37,072</u>
<u>2023</u>	
January 1	\$ 37,072
Net exchange difference	(1,215)
June 30	<u>\$ 35,857</u>
June 30, 2023	
Cost	\$ 35,857
Accumulated amortization and impairment	-
	<u>\$ 35,857</u>

1. The above-mentioned intangible assets - goodwill was mainly generated by the Group's merger with East Honest Holdings Limited by the acquisition method in 2012, and the indirect acquisition of its reinvested mainland China subsidiary Honghuasheng Precision Electronics (Yantai) Co., Ltd.
2. Goodwill is allocated to the Group's cash-generating units by operating segments. These are all electronic components and other segments. Please refer to Note 14 for details on information disclosure of operating segments.
3. Goodwill is allocated to the cash-generating units of the Group identified by operating segments. The recoverable amount is estimated based on the value in use, and the value in use is calculated based on the pre-tax cash flow forecast in the financial budget approved by the management. The recoverable amount of the Group based on the value in use exceeds the book value, so there is no impairment of goodwill.

(XII) Short-term borrowings

Nature of the borrowings	June 30, 2024	Interest Rate	Collateral
Bank borrowings - secured borrowings	\$ 506,568	2.35%~3.85%	Description 1.
Bank loans - Credit loans	<u>635,762</u>	5.542%~5.55%	None.
	<u>\$ 1,142,330</u>		
Nature of the borrowings	December 31, 2023	Interest Rate	Collateral
Bank borrowings - secured borrowings	\$ 98,462	3.6%-3.92%	Description 1.
Bank loans - Credit loans	<u>466,910</u>	3.92%-5.85%	None.
	<u>\$ 565,372</u>		
Nature of the borrowings	June 30, 2023	Interest Rate	Collateral
Bank loans - Credit loans	<u>\$ 672,054</u>	3.49%~6.10%	None.

1. The credit contracts entered into between the Group and banks are the joint guarantee limits provided by the parent company for the subsidiary. Please refer to Note 13 for details.
2. As of June 30, 2024, December 31, 2023, and June 30, 2023, the Group's undrawn borrowing lines were NT\$7,688,986, NT\$7,394,128 and NT\$7,011, respectively.

(XIII) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Dividends payables	\$ 673,850	\$ -	\$ 725,685
Salary, bonus, and employee remuneration payable	541,827	562,961	610,912
Consumables payable	40,697	50,612	216,317
Utility fees payable	38,573	28,814	56,770
Repair expenses payable	35,209	58,443	66,615
Equipment payment payable	34,645	129,870	67,319
Others	493,929	387,938	670,854
	<u>\$ 1,858,730</u>	<u>\$ 1,218,638</u>	<u>\$ 2,414,472</u>

(XIV) Pension

1. Measures for defined retirement benefits

- (1) The company and Tekcon Electronics Corporation (hereinafter referred to as Tekcon) have in place measures for defined benefit retirement in accordance with the provisions of the Labor Standards Act, which applies to the service years of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act after the implementation of the "Labor Pension Act." If an employee is eligible for retirement, the pension payment shall be based on the service years and the average monthly salary of the six months before retirement. Two base numbers shall be given for each full year of service within 15 years (inclusive), and one base number shall be given for each full year of service over 15 years, but the cumulative maximum is 45 base numbers. The Company and Tekcon respectively allocate 6% and 2% of the total salary to the retirement fund every month which is deposited with the trust department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve account mentioned in the above. If the balance is insufficient to pay the pension amount of the workers who meet the retirement conditions estimated in the next year according to the above calculation, the Company will provide funding to make up of the shortage before the end of March in the following year. paragraph.
- (2) From April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the Group recognized pension costs of NT\$403, NT\$681, NT\$1,076, and NT\$1,374, respectively, according to the above-mentioned pension measures.
- (3) The Group expected to appropriate \$1,354 for payment to the retirement plan for 2025.

2. Regulations for the defined appropriation of pension fund

- (1) Since July 1, 2005, the company and Tekcon have formulated measures for defined

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

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

(3) From April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the pension costs recognized by the Group in accordance with the pension measures above were NT\$41,071, NT\$39,826, NT\$82,449, and NT\$79,035 respectively.

(XV) Share capital

As of June 30, 2024, the authorized capital of the Company comprised 600,000,000 shares (including 30,000,000 shares under employee subscription warrants or subscription rights of convertible bonds); 518,346,282 shares were outstanding with a par value of NT\$10 per share.

(XVI) Capital surplus

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

(XVII) Retained earnings

1. According to the articles of association of the company, if there is any surplus in the annual final accounts, in addition to paying all taxes according to law, the company shall first make up for the losses of previous years, and then set aside 10% as the legal reserve. If there is still a surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting.
2. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses that shall be distributed, capital surplus, or legal reserves in cash, which shall be approved through a resolution by more than half of the directors present at a Board meeting attended by more than two-thirds of all directors, and the rule that a resolution by a shareholders' meeting is required as in the preceding paragraph shall not apply.

3. The Company is in a growth stage, and the dividend distribution policy shall be based on the Company's current and future investment environment, capital demand, domestic and foreign competition status, capital budget, and other factors, while taking into account the shareholders' interests and the Company's long-term financial planning. The shareholders' dividend shall be allocated from the cumulative distributable earnings and shall not be less than 15% of the distributable earnings of the current year, and the cash dividend ratio shall not be less than 10% of the total dividend.
4. The legal reserve shall not be used except to make up for the Company's losses and issuing new shares or paying cash in proportion to the original number of shares held by the shareholders. However, if new shares or cash are issued, the amount of such reserve shall exceed 25% of the paid-in capital.
5. When the Company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal can be included in the earnings available for distribution.
6. The shareholders resolved to pass distribution of 2023 and 2022 earnings during the meetings held on May 31, 2023 and June 9, 2023; details are as follows:

	2023		2022	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 125,854		\$ 131,884	
Special reserve	25,528		312,772	
Cash dividends	<u>673,850</u>	\$ 1.30	<u>725,685</u>	\$ 1.40
	<u>\$ 825,232</u>		<u>\$ 1,170,341</u>	

The abovementioned 2023 earnings distribution is consistent with the resolution of the Company's Board of Directors on March 13, 2024. Please visit the MOPS of the Taiwan Stock Exchange for details.

(XVIII) Other items of equity

	Financial assets at fair value through other comprehensive income	Adjustment for currency conversion	Total
January 1, 2024	(\$ 268,673)	(\$ 1,142,062)	(\$ 1,410,735)
Unrealized profit or loss of financial products - Group	27,298	-	27,298
Transfer of valuation adjustment to retained earnings -Group	(77,970)	-	(77,970)
Currency conversion difference - Group	-	323,192	323,192
June 30, 2024	<u>(\$ 319,345)</u>	<u>(\$ 818,870)</u>	<u>(\$ 1,138,215)</u>
	Financial assets at fair value through other comprehensive income	Adjustment for currency conversion	Total
January 1, 2023	(\$ 419,841)	(\$ 965,367)	(\$ 1,385,208)

Unrealized profit or loss of financial products - Group	308,885	-	308,885
Currency conversion difference - Group	-	(239,553)	(239,553)
June 30, 2023	<u>(\$ 110,956)</u>	<u>(\$ 1,204,920)</u>	<u>(\$ 1,315,876)</u>

(XIX) Non-controlling interests

	2024	2023
January 1	\$ 1,941,812	\$ 1,870,302
Share of non-controlling interest:		
Net profit of the current period	82,745	79,743
Conversion difference from the conversion of financial statements of a foreign operation	51,155	(85,612)
Cash dividend payment	(83,604)	(80,254)
June 30	<u>\$ 1,992,108</u>	<u>\$ 1,784,179</u>

(XX) Operating revenue

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Revenue from customer contracts	<u>\$ 5,446,118</u>	<u>\$ 6,217,119</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Revenue from customer contracts	<u>\$ 10,103,988</u>	<u>\$ 12,297,777</u>

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

Contractual liabilities

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>January 1, 2023</u>
Contractual liabilities	<u>\$ 191,950</u>	<u>\$ 181,376</u>	<u>\$ 303,226</u>	<u>\$ 273,608</u>

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

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Opening balance of contract liabilities recognized as income in the current period	<u>\$ 16,986</u>	<u>\$ 41,086</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>

Opening balance of contract liabilities recognized as income in the current period	\$	74,721	\$	126,578
--	----	--------	----	---------

(XXI) Other income

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Rental income	\$ 10,300	\$ 8,206
Dividend income	7	4
Subsidy income	4,267	17,331
Other income - Other	26,156	3,166
	<u>\$ 40,730</u>	<u>\$ 28,707</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Rental income	\$ 22,264	\$ 17,160
Dividend income	12	6
Subsidy income	15,390	18,589
Other income - Other	39,540	5,215
	<u>\$ 77,206</u>	<u>\$ 40,970</u>

(XXII) Other gains and losses

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Net gains of financial assets and liabilities measured at fair value through the income	\$ 100	\$ 84
Losses from the disposal of property, plant and equipment	(1,487)	(2,377)
Net foreign currency conversion gain	37,038	154,954
Gain on disposal of investments	-	10
Others	3,112	(154)
	<u>\$ 38,763</u>	<u>\$ 152,517</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Net gains of financial assets and liabilities measured at fair value through the income	\$ 161	\$ 10,406
Losses from the disposal of property, plant and equipment	(1,459)	(2,253)
Net foreign currency conversion gain	75,017	135,863
Loss on disposal of investments	-	(1,069)

Others	1,437	158
	<u>\$ 75,156</u>	<u>\$ 143,105</u>

(XXIII) Employee benefit, depreciation and amortization expenses

<u>By nature</u>	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Employee benefits expense		
Salary expenses	\$ 751,638	\$ 863,923
Labor and national health insurance expenses	23,027	20,859
Pension expenses	41,474	40,507
Other HR expenses	56,787	62,151
	<u>\$ 872,926</u>	<u>\$ 987,440</u>
Depreciation expenses	<u>\$ 178,593</u>	<u>\$ 155,581</u>
Amortization expenses	<u>\$ 4,411</u>	<u>\$ 2,803</u>

<u>By nature</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Employee benefits expense		
Salary expenses	\$ 1,421,371	\$ 1,687,620
Labor and national health insurance expenses	45,623	42,990
Pension expenses	83,525	80,409
Other HR expenses	100,877	113,454
	<u>\$ 1,651,396</u>	<u>\$ 1,924,473</u>
Depreciation expenses	<u>\$ 331,562</u>	<u>\$ 317,300</u>
Amortization expenses	<u>\$ 6,580</u>	<u>\$ 5,194</u>

1. According to the articles of association of the company, if the company has any profit in the year (the so-called profit refers to the gains before deducting the distribution of employee remuneration and directors' remuneration), it shall allocate no less than 5% of it as employee remuneration and no more than 0.5% as directors' remuneration, which shall be distributed after the special resolution of the board of directors, and shall be reported to the shareholders' meeting. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.
2. The estimated amounts of the Company's employee remuneration for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, were NT\$17,035, NT\$19,548, NT\$26,950, and NT\$37,786, respectively. The remuneration to the Directors was estimated at NT\$1,704, NT\$1,955, NT\$2,695, and NT\$3,779, respectively. The aforementioned amount was presented as a salary expense account in the book.

The period from January 1 to June 30, 2024 and 2023 are based on the profit status as of the current period. It is estimated according to the proportion specified in the articles

of association of the Company.

The amounts of employee remuneration and director's remuneration for 2023 were NT\$74,429 and NT\$7,443, respectively, which were consistent with the amounts recognized in the 2023 financial statements and paid in cash. The unpaid 2023 employee remuneration and director's remuneration as of June 30, 2024 were in the amounts of NT\$74,429 and NT\$7,443, respectively, and recognized in "Other payables".

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

(XXIV) Financial costs

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Interest expenses on bank loans	\$ 12,813	\$ 14,305
Interest expenses on lease liabilities	3,040	1,592
Other financial costs	4,873	963
	<u>\$ 20,726</u>	<u>\$ 16,860</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Interest expenses on bank loans	\$ 20,354	\$ 39,007
Interest expenses on lease liabilities	5,222	3,386
Other financial costs	9,591	2,417
	<u>\$ 35,167</u>	<u>\$ 44,810</u>

(XXV) Income tax

1. Income tax expense

Components of income tax expenses:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Income tax for the current period:		
Income tax arising from current income	\$ 139,042	\$ 101,400
Extra tax on undistributed earnings	21,666	7,425
Income tax over estimates of previous year	(3,923)	(15,374)
Total income tax for the current period	<u>156,785</u>	<u>93,451</u>
Deferred income tax:		
The original value and reversal of temporary differences	(36,500)	14,611
Income tax expense	<u>\$ 120,285</u>	<u>\$ 108,062</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Income tax for the current period:		
Income tax arising from current income	\$ 156,562	\$ 209,941
Extra tax on undistributed earnings	21,666	7,425
Income tax over estimates of previous year	(596)	(38,587)
Total income tax for the current period	<u>177,632</u>	<u>178,779</u>
Deferred income tax:		
The original value and reversal of temporary differences	<u>555</u>	<u>29,374</u>
Income tax expense	<u>\$ 178,187</u>	<u>\$ 208,153</u>

2. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2021.
3. The Group has applied the exceptions for the deferred income tax assets and liabilities related to the income tax of Pillar 2, and the disclosure of its related information.
4. The Group falls within the scope of the Pillar Two Model Rules promulgated by the Organization for Economic Co-operation and Development. The second pillar has not yet taken effect in the place where the Group's subsidiaries are registered. Therefore, as of June 30, 2024, the Group did not have significant exposure to current income tax.

The Group has applied the amendments to IAS No. 12 "Income Tax" issued on May 23, 2023, and applied the exception to the recognition of deferred tax assets and liabilities and related information related to Pillar Two income tax.

(XXVI) Earnings per share (EPS)

	<u>April 1 to June 30, 2024</u>		
	<u>After-tax amount</u>	<u>The weighted average number of outstanding shares (1000 shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	<u>\$ 275,438</u>	<u>518,346</u>	<u>\$ 0.53</u>
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	275,438	518,346	
Dilutive effects of the potential common shares-			
Employee remuneration	<u>-</u>	<u>673</u>	

Net income for the period attributable to the common shareholders of the parent company

Plus effect of potential common shares

\$	<u>275,438</u>	<u>519,019</u>	\$ <u>0.53</u>
----	----------------	----------------	----------------

April 1 to June 30, 2023

After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT\$)
------------------	---	---------------------------

Basic earnings per share

Net income for the period attributable to the common shareholders of the parent company

\$	<u>322,834</u>	<u>518,346</u>	\$ <u>0.62</u>
----	----------------	----------------	----------------

Diluted earnings per share

Net income for the period attributable to the common shareholders of the parent company

322,834	518,346
---------	---------

Dilutive effects of the potential common shares-

Employee remuneration

-	943
---	-----

Net income for the period attributable to the common shareholders of the parent company

Plus effect of potential common shares

\$	<u>322,834</u>	<u>519,289</u>	\$ <u>0.62</u>
----	----------------	----------------	----------------

January 1 to June 30, 2024

After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT\$)
------------------	---	---------------------------

Basic earnings per share

Net income for the period attributable to the common shareholders of the parent company

\$	<u>445,136</u>	<u>518,346</u>	\$ <u>0.86</u>
----	----------------	----------------	----------------

Diluted earnings per share

Net income for the period attributable to the common shareholders of the parent company

445,136	518,346
---------	---------

Dilutive effects of the potential common shares-

Employee remuneration

-	1,564
---	-------

Net income for the period attributable to the common shareholders of the parent company

Plus effect of potential common shares

\$	<u>445,136</u>	<u>519,910</u>	\$ <u>0.86</u>
----	----------------	----------------	----------------

	January 1 to June 30, 2023		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 619,568	518,346	\$ 1.20
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	619,568	518,346	
Dilutive effects of the potential common shares-			
Employee remuneration	-	1,792	
Net income for the period attributable to the common shareholders of the parent company			
Plus effect of potential common shares	\$ 619,568	520,138	\$ 1.19

(XXVII) Supplementary information on cash flow

1. Investment activities with only partial cash payment:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Purchase of property, plant and equipment	\$ 459,803	\$ 330,849
Add: equipment payable at the beginning of the period	129,870	194,860
Less: equipment payable at the end of the period	(34,645)	(67,319)
Effect on foreign currency exchange differences	2,808	(2,057)
Cash paid during the period	\$ 557,836	\$ 456,333

2. Financing activities that do not affect cash flow:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Announcement of cash dividends via earnings distribution	\$ 673,850	\$ 725,685
Dividends payables	(673,850)	(725,685)
Cash paid during the period	\$ -	\$ -

(XXVIII) Changes in liabilities from financing activities

2024

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 565,372	\$ 99,702	\$ 665,074
Changes in financing cash flow	545,597	(38,521)	507,076
Effect of exchange rate changes	31,361	5,006	36,367
Other non-cash changes	-	272,707	272,707
June 30	<u>\$ 1,142,330</u>	<u>\$ 338,894</u>	<u>\$ 1,481,224</u>

	2023		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 2,101,238	\$ 188,754	\$ 2,289,992
Changes in financing cash flow	(1,400,829)	(22,308)	(1,423,137)
Effect of exchange rate changes	(28,355)	(3,397)	(31,752)
Other non-cash changes	-	(20,057)	(20,057)
June 30	<u>\$ 672,054</u>	<u>\$ 142,992</u>	<u>\$ 815,046</u>

VII. Related Party Transactions

(I) Related party's name and relationship

Related Party Name	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and subsidiaries (Hon Hai and subsidiaries)	With significant influence on the group
Sharp Corporation and subsidiaries (Sharp and subsidiaries)	Other related parties
Foxconn Technology Co., Ltd. and subsidiaries (FTC and subsidiaries)	Other related parties
General Interface Solution Limited	Other related parties
Cyber TAN Technology, Inc and Subsidiaries	Other related parties
ENNOCONN CORPORATION	Other related parties
LONG TIME TECH. CO., LTD.	Affiliates
Pan-International Corporation (S) Pte Ltd. (PIS)	Affiliate (Note 1)

(Note 1) The Group has lost control over it since March 2023 but still has significant influence on it, so it is an affiliate of the Group.

(II) Major transactions with related parties

1. Operating revenue

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 1,427,631	\$ 1,427,314
Other related parties		
- Sharp and subsidiaries	130,267	735,542
- Others	85,146	125,257
Affiliates	308	269
	<u>\$ 1,643,352</u>	<u>\$ 2,288,382</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 2,231,175	\$ 3,049,401
Other related parties		
- Sharp and subsidiaries	482,556	1,646,355
- Others	113,191	232,489
Affiliates	437	269
	<u>\$ 2,827,359</u>	<u>\$ 4,928,514</u>

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

2. Purchase

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 553,867	\$ 645,789
Other related parties		
- Foxconn Technology Co., Ltd. and subsidiaries	(159,252)	557,791
Affiliates	1,149	694
	<u>\$ 395,764</u>	<u>\$ 1,204,274</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
With significant influence on the group		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 1,060,611	\$ 1,172,408

Other related parties		
- Foxconn Technology Co., Ltd. and subsidiaries	46,441	1,146,795
Affiliates	<u>2,147</u>	<u>2,100</u>
	<u>\$ 1,109,199</u>	<u>\$ 2,321,303</u>

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

3. Receivables from related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable:			
With significant influence on the group			
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 2,030,752	\$ 1,846,268	\$ 1,952,010
Other related parties			
- Sharp and subsidiaries	437,667	945,771	905,580
- Others	154,990	54,057	168,418
Affiliates	<u>407</u>	<u>274</u>	<u>131</u>
	2,623,816	2,846,370	3,026,139
Less: Allowance for impairment loss	<u>(1,082)</u>	<u>(1,159)</u>	<u>(839)</u>
	<u>\$ 2,622,734</u>	<u>\$ 2,845,211</u>	<u>\$ 3,025,300</u>

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

4. Accounts payables from related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts payable:			
With significant influence on the group			
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 887,056	\$ 1,029,857	\$ 887,782
Other related parties			
- Foxconn Technology Co., Ltd. and subsidiaries	6	570,013	451,829
Affiliates	<u>249</u>	<u>-</u>	<u>-</u>
	<u>\$ 887,311</u>	<u>\$ 1,599,870</u>	<u>\$ 1,339,611</u>

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

5. Contractual liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
With significant influence on the group			
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	<u>\$ 46,463</u>	<u>\$ 63,987</u>	<u>\$ 80,077</u>

The preceding contract liabilities of NT\$46,463, NT\$63,987, and NT\$79,658 as of June 30, 2024, December 31, 2023, and June 30, 2023 are guaranteed by the Group's investment by equity method, and the number of pledged shares is 7,812,500 shares. Please refer to Note 8 for details.

6. Lease transaction - Lessee

(1) The group leases the plant from the group which has a significant impact on the group. The lease term is 5 years. The rent is paid at the end of each month.

(2) Acquisition of right-of-use assets

The Group acquired right-of-use assets of NT\$185,003 and NT\$0 from related parties during January 1 to June 30, 2024 and 2023, respectively.

(3) Lease liabilities:

A. Ending balance

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
With significant influence on the group	<u>\$ 168,927</u>	<u>\$ -</u>	<u>\$ 19,216</u>

B. Interest expenses

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
With significant influence on the group	<u>\$ 1,065</u>	<u>\$ 179</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
With significant influence on the group	<u>\$ 2,160</u>	<u>\$ 429</u>

(III) Compensation of key management personnel

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Short-term employee benefits	<u>\$ 1,710</u>	<u>\$ 1,461</u>
Post-employment benefits	<u>60</u>	<u>60</u>
Total	<u>\$ 1,770</u>	<u>\$ 1,521</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Short-term employee benefits	<u>\$ 5,932</u>	<u>\$ 5,717</u>
Post-employment benefits	<u>120</u>	<u>120</u>

Total	\$	6,052	\$	5,837
-------	----	-------	----	-------

VIII. Pledged Assets

The details of the guarantees provided with the Group's assets are as follows:

Asset item	Book value			Guarantee purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Pledged time deposit and restricted bank deposit (listed as financial assets at amortized cost - current)	\$ 901,982	\$ 939,911	\$ 665	Bond for bank acceptances, issuance of secured letters of credit, etc.
Pledged time deposit and restricted bank deposit (listed as financial assets at amortized cost - non-current)	-	4,760	4,711	Bond for bank acceptances, customs deposits, bank line overdraft
Property, plant, and equipment	30,572	32,422	35,863	Guarantee mortgage for bank line overdraft (note)
Investment property	10,086	10,257	10,028	Guarantee mortgage for bank line overdraft (note)
Right-of-use assets	53,411	52,759	52,969	Bond for bank acceptances
Investment by equity method (Long Time Technology)	178,501	184,983	195,588	Contractual liabilities
	<u>\$ 1,174,552</u>	<u>\$ 1,225,092</u>	<u>\$ 299,824</u>	

Note: As of June 30, 2024, the land, buildings and structures above have been pledged as collateral for the overdraft facilities of financial institutions since 2005. The overdraft had been paid off, but the pledge has not been canceled.

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

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

(II) Commitments

None.

X. Major Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital management

The Group's capital management objectives are to ensure the Group's sustained operation, maintain the optimal capital structure, reduce the cost of capital, and provide returns to shareholders. In order to maintain or adjust the capital structure, the group may adjust the number of dividends paid to shareholders, issue new shares, or sell assets to reduce liabilities. To monitor its capital, the group uses the net debt ratio which is calculated by dividing net debt by total net worth. Net debt is calculated as total borrowings (including the "current and non-current borrowings" reported in the consolidated balance sheet) less cash and cash equivalents. The total net value is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets.

The Group's strategy for 2024 is the same as that in 2023, both of which are committed to maintaining the net debt ratio below 70%.

(II) Financial instrument

1. Types of financial instruments

The book amounts of the Group's financial assets are classified as measured at amortized cost under IFRS 9 (including cash and cash equivalents, financial assets measured at amortized costs notes receivable, accounts receivable [including related parties] and other receivables). For the relevant amounts and information of financial liabilities classified as amortized costs (including short-term loans, notes payable, accounts payable [including related parties], and other payables), please refer to the consolidated balance sheets and Note 6 for details. Please refer to Notes 6 (2) and 6 (6) for the book values of financial assets/liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

2. Risk management Policy

(1) Types of risks

The group adopts a comprehensive financial risk management and control system to clearly identify, measure and control various financial risks of the group, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk.

(2) Management objectives

- A. All the risks above can be eliminated by internal control or operation process, except that market risk is controlled by external factors. Therefore, each risk can be reduced to zero through management.
- B. In terms of market risk, the objective is to optimize the overall position through rigorous analysis, proposal, implementation and process, with due consideration of the overall external trend, internal operating conditions and the actual impact of market fluctuations.
- C. The group's overall risk management policy focuses on the unpredictability of the

financial market and seeks to reduce potential adverse effects on the group's financial position and financial performance.

(3) Management system

- A. Risk management shall be carried out by the Finance Department of the group in accordance with the policies approved by the board of directors. It is responsible for identifying, assessing and avoiding financial risks through close cooperation with group operating units.
- B. The board of directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments, and investment of surplus working capital.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

- A. Nature: The group is a multinational electronic OEM company, and most of the exchange rate risks in its operating activities come from:
 - a. As the posting times of non-functional foreign currency accounts receivable and accounts payable are different, the exchange rate of the functional currency is different, thus resulting in an exchange rate risk. Because the amount of assets and liabilities after offsetting is not large, the amount of profit or loss is not large. (Note: The group has offices in many countries around the world, so there is an exchange rate risk in a variety of different currencies, but the main ones are the US dollar, RMB, and Malaysian ringgit.)
 - b. In addition to the commercial transactions (operating activities) on the above-mentioned income, the assets and liabilities recognized on the balance sheet, and the net investment in foreign operations also have exchange rate risks.
- B. Management
 - a. For such risks, the group has established a policy that requires companies within the group to manage the exchange rate risk relative to their functional currencies.
 - b. The exchange rate risk of each functional currency against the reporting currency of the consolidated statements is managed by the group's finance office.

C. Extent

The group's business involves a number of non-functional currencies (New Taiwan dollar is the functional currency of the company and some subsidiaries, and RMB and Malaysian ringgit are the functional currencies of some subsidiaries). Therefore, the group is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

		June 30, 2024		
Foreign currency (thousand)	Exchange rate	Book value	Sensitivity analysis	
		(NT\$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)				
<u>Financial assets</u>				
Monetary item				

USD: NTD	\$	86,792	32.45	\$ 2,816,400	5%	\$140,820
USD: RMB		75,598	7.1268	2,394,841	5%	119,742
USD: MYR		56,221	4.7170	1,824,371	5%	91,219
EUR: MYR		4,286	5.0455	148,767	5%	7,438
THB: MYR		267,797	0.1289	239,229	5%	11,961

Foreign operations

USD: NTD		329,134	32.45	10,680,388		
----------	--	---------	-------	------------	--	--

Financial liabilities

Monetary item

USD: NTD		85,684	32.45	2,780,446	5%	139,022
USD: RMB		5,330	7.1268	168,847	5%	8,442
USD: MYR		34,612	4.7170	1,123,159	5%	56,158

December 31, 2023

(Foreign currency:
functional currency)

Financial assets

Monetary item

USD: NTD	\$	98,290	30.71	\$ 3,018,486	5%	\$ 150,924
USD: RMB		63,248	7.0827	1,938,352	5%	96,918
USD: MYR		67,608	4.5956	2,076,242	5%	103,812
EUR: MYR		3,234	5.0849	109,891	5%	5,495

Foreign operations

USD: NTD		319,080	30.71	9,798,962		
----------	--	---------	-------	-----------	--	--

Financial liabilities

Monetary item

USD: NTD		79,171	30.71	2,431,341	5%	121,567
USD: RMB		5,891	7.0827	180,541	5%	9,027
USD: MYR		48,568	4.5956	1,491,523	5%	74,576

June 30, 2023

(Foreign currency:
functional currency)

Financial assets

Monetary item

USD: NTD	\$	99,800	31.14	\$ 3,107,772	5%	\$ 155,389
USD: RMB		59,786	7.2258	1,849,831	5%	92,492
USD: MYR		64,694	4.6707	2,014,571	5%	100,729

EUR: MYR	3,479	5.0712	117,625	5%	5,881
<u>Foreign operations</u>					
USD: NTD	316,909	31.14	9,868,538		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	73,574	31.14	2,291,094	5%	114,555
USD: RMB	6,640	7.2258	205,447	5%	10,272
USD: MYR	29,740	4.6707	926,104	5%	46,305

D. Nature

The total amount of exchange gains and losses (including realized and unrealized) recognized on monetary accounts due to exchange rate fluctuations for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, were NT\$37,038 (gain), NT\$154,954 (gain), NT\$75,017 (gain), and NT\$135,863 (gain), respectively.

Price risk

- A. The equity instruments of the Group exposed to price risk are financial assets measured at fair value through other comprehensive incomes. In order to manage the price risk of equity instrument investment, the Group diversifies its portfolio in accordance with the limits set by the Group.
- B. The group mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment objects. If the prices of these equity instruments rose or fell by 1%, with all other factors remain unchanged, the impact on other comprehensive income of equity investment classified measured at fair value through other comprehensive income would increase or decrease by NT\$17,844 and NT\$20,800, respectively, for the six months ended June 30, 2024 and 2023.

Cash flow and fair value interest rate risk

The interest rate risk of the group comes from short-term borrowings. Borrowings at fixed interest rates expose the group to an interest rate risk at fair value, but after assessment, the group has no significant interest rate risk.

(2) Credit risk

- A. The credit risk of the group is the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations, which mainly comes from the inability of the counterparties to repay the accounts receivable in accordance with the collection conditions, and the contractual cash flow classified as debt instrument investment measured at after-amortization cost.
- B. In accordance with the internal credit policy, management and credit risk analysis shall be carried out on each operating entity within the group and each new customer before proposing terms and conditions for payment and delivery. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience, and other factors. The limits of individual risks are determined by the board of directors based on internal or external ratings, and the use of credit lines is regularly monitored.

C. The basis for the group to judge whether the credit risk of financial instruments has increased significantly since the original recognition is as follows:

When the contract payment is overdue for more than 60 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

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

E. The group classifies notes receivable and accounts receivable of customers according to the characteristics of customer rating, and estimates the expected credit loss based on the loss rate method.

F. The indicators used by the group to determine the credit impairment of debt instrument investment are as follows:

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

(B) The issuer makes the active market of the financial asset disappear due to its financial difficulties;

(C) The issuer delays or fails to pay the interest or principal;

(D) Adverse changes in national or regional economic conditions leading to issuer default.

G. The aging analysis of notes receivable and accounts receivable (including those of related parties) is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Not Past Due	\$ 6,368,912	\$ 6,318,839	\$ 6,491,897
Less than 90 days	17,872	9,869	11,613
91 ~ 180 days	1,389	1,412	926
More than 181 days	39	38	1,600
	<u>\$ 6,388,212</u>	<u>\$ 6,330,158</u>	<u>\$ 6,506,036</u>

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

H. Other receivables (including those of related parties)

The Group's other receivables are primarily tax refund receivables, receivables on disposal of investments, and receivables on advance payments for other parties. Expected credit loss are estimated individually for other significant receivables in default; there is no concern over material non-performance or non-repayment with other counterparties. Therefore, a loss allowance for 12-month expected credit loss is recognized. The allowances for loss recognized by the Group on June 30, 2024, December 31, 2023, and June 30, 2023 were NT\$105,400, NT\$99,748 and NT\$101,145, respectively.

I. The Group classifies the accounts receivable of customers according to the characteristics of credit rating standards, and for future-looking considerations, the Group adjusts the loss rate established according to the historical and current information of a specific period to estimate the allowance loss of notes receivable and accounts receivable. Loss rate methods as of June 30, 2024, December 31, 2023, and June 30, 2023 are as follows:

	Group 1	Group 2	Group 3	Group 4	Total
<u>June 30, 2024</u>					
Expected loss rate	<u>0.04%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.1%~100%</u>	
Total Book value	<u>\$5,525,014</u>	<u>\$ 850,661</u>	<u>\$ 1,799</u>	<u>\$ 10,738</u>	<u>\$6,388,212</u>
Allowance for loss	<u>\$ 2,211</u>	<u>\$ 340</u>	<u>\$ 2</u>	<u>\$ 5,999</u>	<u>\$ 8,552</u>
<u>December 31, 2023</u>					
Expected loss rate	<u>0.04%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.1%~100%</u>	
Total Book value	<u>\$5,986,776</u>	<u>\$ 336,578</u>	<u>\$ 87</u>	<u>\$ 6,717</u>	<u>\$6,330,158</u>
Allowance for loss	<u>\$ 2,395</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 3,511</u>	<u>\$ 6,041</u>
	Group 1	Group 2	Group 3	Group 4	Total
<u>June 30, 2023</u>					
Expected loss rate	<u>0.04%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.1%~100%</u>	
Total Book value	<u>\$5,963,581</u>	<u>\$ 535,763</u>	<u>\$ 597</u>	<u>\$ 6,095</u>	<u>\$6,506,036</u>
Allowance for loss	<u>\$ 2,385</u>	<u>\$ 214</u>	<u>\$ 1</u>	<u>\$ 1,960</u>	<u>\$ 4,560</u>

Group 1: Rated A by Standard & Poor's, Fitch or Moody's, or no external agency rating, and rated A according to the group's credit standards.

Group 2: Rated BBB by Standard & Poor's or Fitch, or Baa by Moody's, or no external agency rating, and rated B or C according to the group's credit standards.

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

Group 4: No external agency rating, and non-A, B, or C rated customers according to the group's credit standards.

J. The table of changes in the allowance for losses of accounts receivable (including notes) and other receivables (including related parties) after the Group adopted a simplified approach is as follows:

	2024	2023
January 1	\$ 6,041	\$ 7,194
Impairment loss (reversed)	6,052 (2,070)
Effect on foreign currency exchange differences	(3,541)	(564)
June 30	<u>\$ 8,552</u>	<u>\$ 4,560</u>

K. All the Group's financial assets measured at after-amortization cost as of June 30, 2024, December 31, 2023 and June 30, 2023 had a low credit risk. Therefore, the book value is measured according to the expected credit loss in 12 months after the balance sheet date.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating entity within the group and summarized by the group's finance department. The group's finance department monitors the forecast of the group's liquidity funds demand to ensure that it has sufficient funds to meet operational needs, and maintains sufficient unspent loan

commitments at all times so that the group will not exceed the relevant borrowing limits or violate the terms. These forecasts take into account the group's debt financing plan, compliance with debt terms, and compliance with the financial ratios in the internal balance sheet and external regulatory requirements, such as foreign exchange control.

- B. When the remaining cash held by the group exceeds the requirement for the management of working capital, the finance department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and securities, and the instruments selected to have appropriate maturities or sufficient liquidity to meet the forecast above and provide sufficient liquidity, and it is expected that cash flow will be generated immediately for the management of liquidity risk.
- C. The following table shows the grouping of the group's non-derivative financial liabilities according to their maturity dates. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to the contract maturity date. The amount of contractual cash flow disclosed in the table below is the undiscounted amount.

June 30, 2024	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				
Lease liabilities	\$ 110,652	\$ 109,845	\$ 136,552	\$ 357,049
December 31, 2023	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				
Lease liabilities	\$ 43,026	\$ 33,750	\$ 30,539	\$ 107,315
June 30, 2023	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				
Lease liabilities	\$ 70,084	\$ 37,657	\$ 45,360	\$ 153,101

In addition to the above, the group's non-derivative financial liabilities are all due within the next year.

(III) Fair value information

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

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

Level 2: The input value of assets or liabilities are directly or indirectly observable, except those in Level 1. The fair value of the derivative instruments invested

by the group belongs to this level.

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

2. Financial instruments not measured at fair value

The book values of the group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at after-amortization cost, notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, other payable, lease liabilities and other current liabilities) are reasonable approximations of their fair values.

3. For the group's financial and non-financial instruments measured at fair value, the group classifies them according to the nature, characteristics, risk, and fair value level of the assets and liabilities. The relevant information is as follows:

(1) The information about the group's classification of its assets and liabilities by their nature is as follows:

June 30, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	\$ 11,225	\$ -	\$ -	\$ 11,225
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 860,620	\$ -	\$ 923,757	\$ 1,784,377
December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	\$ 10,536	\$ -	\$ -	\$ 10,536
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 1,016,823	\$ -	\$ 849,276	\$ 1,866,099
June 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	\$ 10,318	\$ -	\$ -	\$ 10,318

Financial assets at fair
value through other
comprehensive income
- Equity securities

\$ 1,141,446 \$ - \$ 938,569 \$ 2,080,015

(2) The methods and assumptions used by the group to measure fair value are as follows:

A. If the group adopts a market quotation as the input value of fair value (i.e. level 1), the instruments classified by their characteristics are as follows:

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

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

C. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as the discount method and the option pricing model. Foreign exchange forward contracts are usually evaluated according to the current forward exchange rate.

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

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

4. There was no transfer between Levels 1 and 2 during the six months ended June 30, 2024 and 2023.

5. The following table shows the changes in level 3 during the six months ended June 30, 2024 and 2023:

	Equity securities	
	2024	2023
January 1	\$ 849,276	\$ 925,274
Profit recognized in other comprehensive income	29,844	1,289

Effect on foreign currency exchange differences	44,637	12,006
June 30	\$ 923,757	\$ 938,569

6. There was no transfer into or out of Level 3 during the six months ended March 31, 2024 and 2023.
7. For the fair value of level 3 of the Group, the investment management department is responsible for the independent verification of the fair value of such financial instruments in the evaluation process. The evaluation results are close to the market status through independent sources of information, and the data sources are independent, reliable, consistent with other resources, and represent executable prices. The evaluation model is calibrated regularly, backtracked, and updated for the input values and information required by the evaluation model, and any other necessary fair value adjustments are made to ensure that the evaluation results are reasonable.

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

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

	Fair value on June 30, 2024	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	\$ 838,735	Net asset value method	Lack of market liquidity discount	22%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	85,022	Market method	Price-to-book ratio	1.51	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.
	Fair value on December 31, 2023	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	\$ 785,068	Net asset value method	Lack of market liquidity discount	22%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	64,208	Market method	Price-to-book ratio	1.17	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.
	Fair value on June 30, 2023	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					

Non-listed and non-OTC stocks	\$ 869,235	Net asset value method	Lack of market liquidity discount	24%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	69,334	Comparable public company approach	Price-to-book ratio	1.28	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

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

Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	June 30, 2024	Lack of market liquidity discount	±1%	\$ 3,363	(\$ 3,363)
Equity instruments	June 30, 2024	Price-to-book ratio	±1%	\$ 563	(\$ 563)
Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	December 31, 2023	Lack of market liquidity discount	±1%	\$ 3,023	(\$ 3,023)
Equity instruments	December 31, 2023	Price-to-book ratio	±1%	\$ 549	(\$ 549)
Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	June 30, 2023	Lack of market liquidity discount	±1%	\$ 3,664	(\$ 3,664)
Equity instruments	June 30, 2023	Price-to-book ratio	±1%	\$ 542	(\$ 542)

XIII. Additional Disclosures

(I) Information about significant transactions

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

7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.
8. Total accounts receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Engagement in derivatives trading: Please refer to Note 12 (3).
10. Significant Inter-company Transactions during the Reporting Period: Please refer to Table 6.

(II) Information about investees

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

(III) Information on investments in mainland China

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

(IV) Information on major shareholders

Information of major shareholders: Please refer to Table 9.

XIV. Operating Departments Information

(I) General information

The main businesses of the Group are the development, manufacturing and sales of electronic components such as electronic signal cables, connectors, electronic signal cables with connectors, printed circuit boards and precision molds, and computer peripheral products. The operation decision-makers also operate various businesses from the perspective of product categories and develop businesses according to different market attributes and demands. At present, the Group is mainly divided into the "Electronic Components Segment" and "Consumer Electronics and Computer Peripherals Segment," which are also the segments to be reported.

The operating departments' information is compiled in accordance with the accounting policies of the Group. The main operational decision-makers of the group mainly use the income and pre-tax profit and loss of each operating department as indicators for performance evaluation and resource allocation.

(II) Segments Information

Information on the reportable departments as provided to major operational decision-makers is as follows:

April 1 to June 30, 2024	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	\$ 3,386,312	\$ 2,059,806	\$ 5,446,118
Segment profit and loss	\$ 218,569	\$ 230,179	\$ 448,748
April 1 to June 30, 2023	Electronic Components	Consumer Electronics and Computer Peripherals	Total

Segment Revenue	<u>\$ 3,830,426</u>	<u>\$ 2,386,693</u>	<u>\$ 6,217,119</u>
Segment profit and loss	<u>\$ 326,567</u>	<u>\$ 158,545</u>	<u>\$ 485,112</u>
<u>January 1 to June 30, 2024</u>	<u>Electronic Components</u>	<u>Consumer Electronics and Computer Peripherals</u>	<u>Total</u>
Segment Revenue	<u>\$ 6,103,133</u>	<u>\$ 4,000,855</u>	<u>\$ 10,103,988</u>
Segment profit and loss	<u>\$ 333,101</u>	<u>\$ 351,944</u>	<u>\$ 685,045</u>
<u>January 1 to June 30, 2023</u>	<u>Electronic Components</u>	<u>Consumer Electronics and Computer Peripherals</u>	<u>Total</u>
Segment Revenue	<u>\$ 7,113,434</u>	<u>\$ 5,184,343</u>	<u>\$ 12,297,777</u>
Segment profit and loss	<u>\$ 627,158</u>	<u>\$ 321,857</u>	<u>\$ 949,015</u>

Note: Since the measured amount of the assets of the operating department is not provided to the operation decision-maker, the measured amount of the assets should be disclosed as zero.

(III) Information on the adjustment to the income and profit and loss of the segments to be reported

Since the income of the segments to be reported is the income of the enterprise, there is no need to adjust it. In addition, the adjustments to the profit and loss of the segments to be reported and to the pre-tax profit and loss of continuing operating departments are as follows:

Profit and loss	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Profit and loss of the segments to be reported	<u>\$ 448,748</u>	<u>\$ 485,112</u>
Other profit and loss	<u>837</u>	<u>(17,523)</u>
Pre-tax profit and loss of continuing operating departments	<u>\$ 449,585</u>	<u>\$ 467,589</u>
Profit and loss	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Profit and loss of the segments to be reported	<u>\$ 685,045</u>	<u>\$ 949,015</u>
Other profit and loss	<u>21,023</u>	<u>(41,551)</u>
Pre-tax profit and loss of continuing operating departments	<u>\$ 706,068</u>	<u>\$ 907,464</u>

Pan-International Industrial Corp. and Subsidiaries
Loans to others
January 1 to June 30, 2024

Table 1

Unit: NTD thousand
(unless otherwise noted)

Serial No. (note 1)	Loan extending company	Borrower	Dealing items (note 2)	Whether a related party	Maximum amount of the period (note 3)	Ending balance (note 8)	Transaction Amounts	Interest Rate	Loan nature (note 4)	Business Transaction Amounts (note 5)	Reason for short- term financing (note 6)	Provision for allowance for loss for bad debt	Collateral		Loans and limits for individual entities (note 7)	Total loan limit (note 7)	Remarks
													Name	Value			
1	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	CJ Electric Systems Co., Ltd.	Other receivables - related parties	Yes	\$ 583,310	\$ 311,150	\$ 311,150	3.45-3.65%	Short-term financing	\$ -	Operating turnover	\$ -	None.	None.	\$ 8,250,062	\$ 16,500,124	

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

(1) Fill in 0 for the issuer.

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

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

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

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

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

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

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

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

Pan-International Industrial Corp. and Subsidiaries
Endorsement/guarantee provided
January 1 to June 30, 2024

Table 2

Unit: NTD thousand
(unless otherwise noted)

Serial No. (note 1)	Name of company of the endorsement/guarantee	Guaranteed Party		Endorsement/guarantee limit for a single enterprise (note 3)	Maximum endorsement/guarantee balance of the period (note 4)	Endorsement/guarantee balance of the period (note 5)	Transaction Amounts (note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/guarantee amount to the net value in the latest financial report	Endorsement/guarantee limit (note 3)	Endorsement/guarantee from the parent company to subsidiary (note 7)	Endorsement/guarantee from subsidiary to parent company (note 7)	Endorsement/guarantee to mainland China (note 7)	Remarks
		Company name	Relation (note 2)											
1	P.I.E Industrial Berhad	Pan-International Electronics(M) Sdn.Bhd.	2	\$ 2,107,902	\$ 1,247,288	\$ 1,245,528	\$472,830	-	9.21	\$ 4,215,804	N	N	N	
2	P.I.E Industrial Berhad	PAN-INTERNATIONAL WIRE&CABLE(M) SDN.BHD.	2	2,107,902	93,391	93,391	2,863	-	0.69	4,215,804	N	N	N	
3	Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	4	1,702,187	786,765	786,765	569,183	-	5.82	1,702,187	N	N	Y	
4	Pan-International Precision Electronic Co., Ltd.	Chaohu Ruichang Electric System Co., Ltd.	4	1,702,187	44,870	44,450	44,450	-	0.33	1,702,187	N	N	Y	
5	Pan-International Precision Electronic Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	4	1,702,187	22,435	22,225	22,225	-	0.16	1,702,187	N	N	Y	
6	CJ Electric Systems Co., Ltd.	Wuhu Herzhong Automotive Electronics Co., Ltd.	4	982,276	22,435	22,225	22,025	-	0.16	982,276	N	N	Y	

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

(1) Fill in 0 for the issuer.

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

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

(1). A company with business relations.

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

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

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

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

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

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

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

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

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

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

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

Note 5: The amount approved by the Board of Directors' meeting shall be filled in. However, if the Board of Directors' meeting authorizes the chairman of the board to decide in accordance with subparagraph 8, Article 12 of the Regulations

Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

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

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

Pan-International Industrial Corp. and Subsidiaries
Marketable securities held at period end (excluding investment in subsidiaries, associates and jointly controlled entities).
June 30, 2024

Table 3

Unit: NTD thousand
(unless otherwise noted)

Holding Company Name	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	Financial report Account	Period end				Remarks
					Number of shares/beneficiary certificates	Book value	Shares Ratio	Fair value	
Pan-International Industrial Corp.	Ordinary corporate bonds	Shin Kong Life Insurance Co., Ltd: 2023 1st unsecured cumulative subordinated ordinary corporate bonds	None.	Financial assets measured at after-amortization cost - Non-current	-	\$ 290,000	-	\$ 290,000	
Pan-International Industrial Corp.	Common share	Innolux Corporation	None.	Financial assets measured at fair value through other comprehensive income - Non-current	59,973,472	860,620	0.66	860,620	
Pan-International Industrial Corp.	Common share	Syntrend Creative Park Co., Ltd.	The largest shareholder of this company is the largest shareholder of Hon Hai Precision Industry Co., Ltd.	Financial assets measured at fair value through other comprehensive income - Non-current	12,831,500	85,022	5.23	85,022	
Yann-Yang Investments Corp.	Common share	Lico Technology Corporation	None.	Financial assets measured at fair value through income - Non-current	3,400,000	-	2.73	-	
P.I.E Industrial Berhad	Open-end funds	Eastspring Investments Islamic Income Fund	None.	Financial assets measured at fair value through income - Current	23,798	89	-	89	
P.I.E Industrial Berhad	Open-end funds	Affin Hwang Aiiman Money Market Fund I	None.	Financial assets measured at fair value through income - Current	545,411	2,146	-	2,146	
P.I.E Industrial Berhad	Open-end funds	Affin Hwang USD Cash Fund	None.	Financial assets measured at fair value through income - Current	255,753	8,990	1.87	8,990	
Pan Global Holding Co., Ltd.	Common share	FSK Holdings Limited	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	50,400,000	33,222	17.50	33,222	
Pan Global Holding Co., Ltd.	B share	Cybertan Technology Corp.	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	28,498,993	805,513	16.87	805,513	

Pan-International Industrial Corp. and Subsidiaries
Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more.
January 1 to June 30, 2024

Table 4

Unit: NTD thousand
(unless otherwise noted)

Transaction Details						Differences in transaction terms from those of general transactions and reasons		Note/Accounts Receivable (Payable)		Percentage of total notes and accounts receivable (payable)	Remarks
Buyer/Seller	Related Party	Relation	Purchase/Sale	Amount	Percentage of total purchase (sale)	Credit period	Unit Price	Credit period	Balance		
Pan-International Industrial Corp.	Pan-International Electronics (USA) Inc.	Subsidiary of the company's indirect reinvestment	Sales	\$ 123,270	3	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	\$ 20,484	1	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	387,318	11	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	285,224	12	
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Sales	759,011	21	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	651,392	28	
Pan-International Industrial Corp.	FIH (Hong Kong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	148,876	4	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	77,213	3	
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the company's indirect reinvestment	Purchase	1,650,010	45	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(1,332,946)	(56)	
Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	Subsidiary of the company's indirect reinvestment	Purchase	393,676	11	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(160,228)	(7)	
Pan-International Industrial Corp.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	754,633	20	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(519,195)	(22)	
CJ Electric Systems Co., Ltd.	Chaohu Ruichang Electric System Co., Ltd.	Subsidiary of the company's indirect reinvestment	Purchase	360,553	20	Monthly settlement of 30 days	A single supplier with no basis for comparison	No significant difference	(173,385)	(9)	
Pan-International Electronics(M) Sdn.Bhd.	SHARP NORTH MALAYSIA SDN.BHD.	Other related parties	Sales	457,789	14	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	418,285	20	
New Ocean Precision Component (Jiangxi) Co., Ltd.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment	Sales	537,684	98	Monthly settlement 60 days	No sale to other customers with no basis for comparison	No significant difference	443,276	98	

Tekcon Electronics Corporation	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	of Hon Hai Precision Industry Co., Ltd. Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	211,303	85	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant (difference	148,727) (86)
--------------------------------	---	--	----------	---------	----	-----------------------------------	--	-----------------------------	------------	-----

Pan-International Industrial Corp. and Subsidiaries
Total accounts receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more.
June 30, 2024

Table 5

Table 5

Unit: NTD thousand
(unless otherwise noted)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties (Note 1)	Turnover Rate	Overdue		Accounts receivable from related parties recovered after the period	Provision for bad debt
					Amount	Actions Taken		
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	\$ 285,224	3.40	\$ -	-	\$ 70,203	\$ 114
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	651,392	2.32	-	-	92,970	260
Pan-International Precision Electronic Co., Ltd.	Pan-International Industrial Corp.	The Company's parent company	160,228	4.97	-	-	95,396	-
Pan-International Industrial Corp.	Kunshan Fuchengke Precision Electronical Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	176,661	3.42	2,338	Payment received after the period	31,096	71
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	The Company's parent company	1,332,946	3.29	-	-	97,372	515
Chaohu Ruichang Electric System Co., Ltd.	CJ Electric Systems Co., Ltd.	Subsidiary of the company's indirect reinvestment	173,385	4.11	-	-	-	-
Pan-International Electronics(M) Sdn.Bhd.	SHARP NORTH MALAYSIA SDN.BHD.	Other related parties	418,285	1.36	396,131	Payment received after the period	215,505	-
New Ocean Precision Component (Jiangxi) Co., Ltd.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	443,276	2.10	-	Payment received after the period	258,891	177

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

Pan-International Industrial Corp. and Subsidiaries
Significant Inter-company Transactions during the Reporting Period
January 1 to June 30, 2024

Table 6

							Unit: NTD thousand (unless otherwise noted)
Description of Transactions (note 4 and note 7)							
Serial No. (note 1)	Transaction Company	Counterparty	Relationship with the transaction parties (Note 2)	Account	Amount	Transaction Terms	Percentage over consolidated total revenue or total assets (note 3)
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	\$ 1,650,010	Note 5	16
0	Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	1	Purchase	393,676	Note 5	4
0	Pan-International Industrial Corp.	Pan-International Electronics (USA) Inc.	1	Sales	123,270	Note 5	1
1	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	1,332,946	Note 5	5
2	Pan-International Precision Electronic Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	160,228	Note 5	1
3	CJ Electric Systems Co., Ltd.	Chaohu Ruichang Electric System Co., Ltd.	3	Purchase	360,553	Note 6	4

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

(1) Fill in 0 for the parent company.

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

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

(1) Parent company with a subsidiary.

(2) A subsidiary with the parent company.

(3) A subsidiary with a subsidiary.

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

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

Note 5: Transaction prices are negotiated and the collection period is monthly settlement 90 days.

Note 6: Transaction prices are negotiated and the collection period is monthly settlement 30 days.

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

Pan-International Industrial Corp. and Subsidiaries
The name and location of the investee company and other relevant information (excluding mainland China investee companies)
June 30, 2024

Table 7

										Unit: NTD thousand (unless otherwise noted)	
Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares held as at end of the period			Net income (loss) of the Investee for current period	Investment gains and losses recognized in the current period	Remarks
				End of the period	End of last year	Shares	Ratio	Book value			
Pan-International Industrial Corp.	Pan Global Holding Co., Ltd.	The British Virgin Islands	Holding company	\$ 1,759,731	\$ 1,759,731	6,726	100	\$10,255,088	\$ 397,241	\$ 397,241	
Pan-International Industrial Corp.	Pan-International Electronics Inc.	USA	Sale of electronic products	73,142	73,142	28,000	100	252,967	5,913	5,913	
Pan-International Industrial Corp.	Yann-Yang Investments Corp.	Taiwan	Investment company	363,997	363,997	33,316,236	100	146,476	(22,747)	(22,747)	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (THAILAND) CO. LTD.	Thailand	Production and sales of connection cables	176,587	-	4,090,900	45	172,333	(1,144)	(515)	
Yann-Yang Investments Corp.	Tekcon Electronics Corporation	Taiwan	Manufacturing and sale of connectors for electronic signal cables	393,898	393,898	21,960,504	83.58	137,690	(27,225)	(22,755)	
Pan Global Holding Co., Ltd.	P.I.E. INDUSTRIAL BERHAD (PIB)	Malaysia	Holding company	45,268	45,268	197,459,985	51.42	2,079,935	179,528	92,313	Note 1
Pan Global Holding Co., Ltd.	Beyond Achieve Enterprise Ltd. (BAE)	The British Virgin Islands	Holding company	311,520	311,520	9,600,000	100	687,070	(23,256)	(23,256)	Note 2
Pan Global Holding Co., Ltd.	Team Union International Ltd. (TUI)	Hong Kong	Holding company	597,080	532,180	18,768,601	100	1,757,182	86,862	86,862	Note 3
Pan Global Holding Co., Ltd.	East Honest Holdings Limited (EHH)	Hong Kong	Holding company	3,479,204	3,479,204	665,799,420	100	4,125,550	268,957	268,957	Note 4
Pan Global Holding Co., Ltd.	LONG TIME TECH. CO., LTD.	Taiwan	Electronic Components	646,000	646,000	20,187,500	16.93	461,237	(98,965)	(16,755)	
Tekcon Electronics Corporation	LONG TIME TECH. CO., LTD.	Taiwan	Electronic Components	250,000	250,000	7,812,500	5.48	178,501	(98,965)	(6,482)	
PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	PAN-INTERNATIONAL CORPORATION (S) PTE. LIMITED. (PIS)	Singapore	Manufacturing and sale of connectors for electronic signal cables	2,392	2,392	100,000	30	876	(49)	-	Note 5

Note 1: The Company mainly reinvests in Pan-International Electronics (MALAYSIA) SDN. BHD. and Pan-International Wire & Cable (MALAYSIA) SDN. BHD. indirectly through PIB to engage in the production of cable connector or electronic products and of sales in the Malaysia region.

Note 2: The Company mainly reinvests in New Ocean Precision Component (Jiangxi) Co., Ltd. indirectly through BAE. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

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

Note 4: The Company mainly reinvests in Honghuasheng Precision Electronics (Yantai) Co., Ltd. indirectly through EHH. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

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

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

Pan-International Industrial Corp. and Subsidiaries
Mainland China investment information - Basic information
January 1 to June 30, 2024

Table 8

Unit: NTD thousand
(unless otherwise noted)

Name of the investee in mainland China	Main Businesses and Products	Paid-in Capital	Method of Investments (Note 2)	Cumulative outward remittance of investment amount from Taiwan at the beginning of the period	Investment Flows of current period		Cumulative outward remittance of the investment amount from Taiwan in the period end	Net income (loss) of the Investee for current period	% Ownership of Direct or Indirect Investment	Investment gains and losses recognized in the current period (note 3)	Book value of the investment at the end of the period	Investment gains repatriated as of the end of the period	Remarks
					Outward	Inward							
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	\$ 2,784,210	2	\$ 2,871,825	\$ -	\$ -	\$ 2,871,825	\$ 269,005	100	\$ 269,005	\$ 4,125,031	\$ -	Note 4
Pan-International Precision Electronic Co., Ltd.	Manufacturing and sale of wires, cables, connecting wires, connecting wire connectors, and wire plugs.	532,180	2	405,625	-	-	405,625	95,270	100	95,270	1,702,187	-	Note 6
Pan-International Sunrise Trading Corp.	Sales of electrical cables, computer accessories, wireless bluetooth, turnkey, etc.	13,335	3	-	-	-	-	3,848	100	3,848	152,568	-	
Fuyu properties (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	5,207,429	2	884,263	-	-	884,263	10,817	16.87	-	805,513	-	Note 8
New Ocean Precision Component (Jiangxi) Co., Ltd.	Manufacturing and operation of various types of plugs and sockets and telecommunications.	311,520	2	-	-	-	-	(23,256)	100	(23,256)	687,068	-	

CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products	346,682	3	-	-	-	-	24,904	100	24,904	982,276	-
YiBing Pan-International Vehicle Wire Co., Ltd.	Auto parts and accessories, smart vehicle equipment manufacturing, etc.	166,599	3	-	-	-	-	(18,354)	100	(18,354)	87,879	-

Company name	The cumulative amount of outward remittance of investment from Taiwan to mainland China at the end of the period (notes 5 and 6)	Investment amount approved by the Investment Commission, MOEA	In compliance with the investment limit stipulated by the Investment Commission, MOEA for investment in mainland China. (note 7).
Pan-International Industrial Corp.	\$ 4,601,118	\$ 6,634,058	\$ -

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

Note 2: There are three investment modes:

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

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

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

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

Note 5: As of June 30, 2024, the Company has the following investment withdrawal cases approved by the Investment Commission of the Ministry of Economic Affairs:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan
September 5, 2003	0920028972	Dongguan Junwang Technology Co., Ltd.	US\$91 thousand
December 9, 2010	09900496780	Saibo Digital Technology (Guangzhou) Co., Ltd.	476 thousand
May 30, 2011	10000205680	Yunnan Saibo Digital Technology Co., Ltd.	190 thousand
May 30, 2011	10000205690	Chongqing Saibotel Digital Square Co., Ltd.	454 thousand
May 30, 2011	10000205700	Nanchong Saibo Digital Square Co., Ltd.	58 thousand
			<u>USD 1,269 thousand</u>

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

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

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

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

Note 7: In December 2022, the Company was granted a document, IDB No. 11120436260 by the Industrial Development Bureau, MOEA, certifying the compliance with the operation scope of operation headquarters, and no investment limit is required from November 29, 2022 to November 28, 2025.

Note 8: The Company's subsidiary Pan Global Holding Co., Ltd. sold 16.87% of its-owned Class A shares of CYBERTAN TECHNOLOGY CORP. in the second quarter of 2021. The reinvestment business Fuyu Property (Shanghai) Co., Ltd. was indirectly disposed of. As of June 30, 2024, the Company indirectly held 16.87% of Class B shares of its reinvestment business Fuyu Property (Shanghai) Co., Ltd.

Pan-International Industrial Corp. and Subsidiaries
Information on major shareholders
June 30, 2024

Table 9

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

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

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

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

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

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

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