

# **PANJIT International Inc.**

## **2024 Annual General Meeting Handbook**

Convening Method: Physical Shareholders Meeting

Time: June 13, 2024 (Thursday) 9:00AM

Location: 9F., No. 266, Chenggong 1st Rd., Qianjin Dist., Kaohsiung City  
(Jin-Yin Room of Grand Hi-Lai Hotel)

----- Notice to Readers -----

This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.

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# PANJIT International Inc.

## 2024 Annual General Meeting Procedure

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Approvals
5. Discussions
6. Extraordinary Motions
7. Adjournment

# PANJIT International Inc.

## 2024 Annual General Meeting Agenda

1. Time: June 13, 2024 (Thursday) 9:00AM.
2. Location: 9F., No. 266, Chenggong 1st Rd., Qianjin Dist., Kaohsiung City (Jin-Yin Room of Grand Hi-Lai Hotel)
3. Call the Meeting to Order
4. Chairperson Remarks
5. Report Items:
  - I. FY2023 Business Report and FY2024 Business Plan.
  - II. Audit Committee's Review Report of FY2023 Financial Statements.
  - III. FY2023 Employees' compensation and Directors' Remuneration.
  - IV. FY2023 Cash Dividend Distribution.
6. Approvals:
  - I. Approval of FY2023 Business Report and Financial Statements.
  - II. Approval of FY2023 Earnings Distribution.
7. Discussions:
  - I. Amendments to the Rules of Procedure for Shareholder Meetings.
  - II. Amendment to the Company's Articles of Incorporation.
8. Extraordinary Motions
9. Adjournment

# Report Items

I. FY2023 Business Report and FY2024 Business Plan. Please refer to page 7~8 of the Handbook (Annex I)

II. Audit Committee's Review Report of FY2023 Financial Statements. Please refer to page 9 of the Handbook (Annex II)

III. FY2023 Employees' compensation and Directors' Remuneration

The Company's Articles of Incorporation stipulates in Article 19 that, "If the Company makes profits in a year, it shall distribute not less than 6% as the employees' compensation and not more than 2% as the remuneration of directors." After deducting the reserved offsetting amount for 2023, the profit was NT\$974,875,266. It is proposed to allocate 1.69% for directors' remuneration, totaling NT\$16,495,000, and 6.50% for employees' compensation, totaling NT\$63,400,000. All were paid in cash.

IV. FY2023 Cash Dividend Distribution

(1) According to the first paragraph of Article 19-1 of the Articles of Incorporation, the Board of Directors shall draft a surplus distribution proposal, and report to the shareholders meeting after the resolution of the Board of Directors in accordance with the second paragraph of the same article.

(2) The Company has decided to distribute shareholder dividends of NT\$1.2 per share, all of which will be paid in cash, with a total amount of NT\$458,537,912.

(3) The Board of Directors authorized the Chairman to set the record date for issuance. The current cash dividends are calculated by rounding down to the whole NT one dollar; the fractional amounts are aggregated and recorded as the Company's other income.

(4) In the event of any change in the number of outstanding shares resulting from the buyback of the Company's common stock; transfer of the treasury shares or other factors, the dividend ratio must be adjusted. The Chairman is authorized by the Board of Directors to adjust the dividend ratio and to proceed on the relevant matters.

# Approvals

Proposal I. Board of Directors' proposal

Subject: Approval of FY2023 Business Report and Financial Statements

- Details: 1. The Company's FY2023 Business Report (please refer to pages 7~8 of the Handbook [Annex I]) and Financial Statements (Parent Company Only Financial Statements, please refer to pages 10~19 [Annex III] of the Handbook, and Consolidated Financial Statements, please refer to pages 20~28 [Annex IV] of the Handbook) have been audited by CPA Chen, Cheng-Chu, and Fuh, Wen-Fun of Ernst & Young, which are considered to be sufficient to adequately represent the Company's financial status as of December 31, 2023, and FY2023 operating results and cash flow.
2. The above-mentioned final statements have been sent to the Audit Committee for review, and it is deemed to be without discrepancy.
3. Please approve.

Resolutions:

Proposal II. Board of Directors' proposal

Subject: Approval of FY2023 Earnings Distribution.

- Details: 1. FY2023 Company's earnings distribution chart, please refer to Page 29 of the Handbook [Annex V].
2. The Company's 2023 Net Income of NT\$820,782,159, plus the opening undistributed earnings of NT\$1,746,773,649, the disposal of equity instruments at fair value through other comprehensive income of NT\$15,983,008 and minus other comprehensive income (re-measurement of defined benefit plan) of NT\$3,549,058 for the year of 2023, changes in ownership interest in subsidiaries of NT\$2,663, legal reserve of NT\$83,321,345, all earnings available for distribution of NT\$2,496,665,750, it is proposed to distribute a dividend of NT\$1.2 per share to shareholders. All payments will be made in cash, with a total amount of

NT\$458,537,912.

3. The above-mentioned earnings distribution have been sent to the Audit Committee for review, and it is deemed to be without discrepancy.

4. Please approve.

Resolutions:

# Discussions

Proposal I. Board of Directors' proposal

Subject: Amendments to the "Rules of Procedure for Shareholder Meetings"

Details: 1. In line with relevant laws and regulations, it is proposed to amend the "Rules of Procedures for Shareholders Meetings." Please refer to pages 30~32 of the Handbook [Annex VI] for a comparison of the contents before and after the amendment.

2. Please approve.

Resolutions:

Proposal II. Board of Directors' proposal

Subject: Amendment to the Company's Articles of Incorporation.

Details: 1. In line with the actual operational requirements, it is proposed to amend the Company's Articles of Incorporation. Please refer to pages 33~34 of the Handbook [Annex VII] for a comparison of the contents before and after the amendment.

2. Please approve.

Resolutions:

# Extraordinary Motions

# Adjournment



## **PANJIT International Inc.**

### **Annual Business Report**

#### **Market News**

In 2023, amid the dual pressures of inflation and interest rate hikes in global economy, and with the challenge of de-stocking, the demand for consumer markets and computer applications decreased significantly, a change that had a significant impact on the power semiconductor industry. Compared to the consumer market, the automotive market performed relatively robustly, especially the electric vehicle market, which benefited from the global trend of net-zero emissions and showed strong growth initially with the support of government policies and subsidies, but the growth of the electric vehicle market began to slow down in the middle of the year in the face of the difficulty of oversupply in the market; fortunately, green energy applications, especially the solar energy market, continued to grow throughout the year.

In summary, although the power semiconductor industry experienced downward pressure in some markets in 2023, the initial growth of the electric vehicle market and the continued prosperity of green energy applications demonstrated the industry's resilience and potential for innovation in a diverse marketplace, and these positive developments provided the steady momentum for the industry growth.

#### **Corporate Development**

##### Core Technologies:

With years of experience in high power component technology, PANJIT continues to focus on core technology development of MOSFETs, IGBTs and SiC components to meet the market demand for high efficiency and low power consumption products. The SiC Diode, low and medium voltage SGT MOSFET and Super Junction MOSFET series released in recent years have not only enriched the product lineup, but also laid a solid foundation for upcoming advanced technologies such as Field Stop Trench IGBT and SiC MOSFET. In addition, the 8-inch fab has proven its excellent stability and performance in the pilot production stage of Super Junction MOSFETs and IGBTs, all of which have significantly enhanced the company's competitiveness in the high-end market.

PANJIT will continue to invest in research and development of critical process technologies. We firmly believe that only through continuous technological innovation can we provide our customers with the advanced product solutions of higher quality and further expand our market presence.

##### Market Planning:

PANJIT has achieved significant results in the strategic layout of the automotive market. Through comprehensive product design and real-time technical support, it provided customers with fast and complete

solutions, thus consolidating its market position. The number of new product certifications increased steadily and the company won important orders from major international manufacturers, which had a positive impact on revenue growth. In the industrial and power supply markets, PANJIT actively cooperated with industry leaders and end customers to establish a layout plan in this field through high-power component solutions. These partnerships have not only enhanced PANJIT's influence in the industry chain, but also laid a solid foundation for the company's future development. In addition, through strategic mergers and acquisitions, we have injected diversified solutions into our market deployment and pioneered new modes of cross-domain cooperation. These initiatives have enhanced PANJIT's ability to respond to market dynamics and given it new impetus to achieve its long-term development goals.

### **Financial Performance**

In 2023, consolidated revenue was NT\$12.7 billion, and consolidated operating gross profit was NT\$3.2 billion. The Company's 2023 consolidated operating income was NT\$830 million. Based on the above information, the consolidated net profit per share in 2023 was NT\$2.15.

Regarding the cash dividend, the Board of Directors approved the allotment of NT\$1.2 per share.

### **Future Prospects**

PANJIT is committed to maintaining its leading position in the power semiconductor industry. Through the strategic layout of new products, new markets, and new applications, as well as the continuous investment in the research and development of its own high-efficiency product core technologies, it maintains the future growth momentum to gradually realize its vision of becoming a power semiconductor IDM factory in Taiwan. PANJIT's development strategy focuses on two main axes: first, to deepen the layout of the automotive market, especially in the application of electric vehicles, and work hand in hand with end customers by providing innovative solutions; second, to respond to the challenges of climate change, we proactively expand the layout of high-efficiency products in the new energy fields such as charging piles, energy storage systems, and solar energy, and deeply root ESG responsibilities into the core of the company's operations. In addition, we have strengthened our ties with our supply chain partners to ensure stable business development and respond to market fluctuations. The above strategies aim to expand market share and lay a solid foundation for the company's sustainable development. We are confident in the future and look forward to creating greater value for shareholders, customers and society through continuous innovation, strategic cooperation and responsible governance.

PANJIT International Inc.

Chairman: FANG, MING-CHING

Managerial Officer: FANG, MING-CHING

Accounting Supervisor: HSIEH, PAI-CHENG

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal of Earnings Distribution. The CPA firm of Ernst & Young Taiwan was retained to audit the Parent Company Only Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal of Earnings Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please approve.

To PANJIT International Inc 2024 Annual General Meeting.

Yours sincerely

PANJIT International Inc.

Audit Committee convener: CHEN, YI-CHENG

March 8, 2024

## Independent Auditor's Report

To: PANJIT INTERNATIONAL INC.

### Opinion

We have audited the parent company only Balance Sheets of PANJIT INTERNATIONAL INC. (the "Company") as of December 31, 2023 and 2022, the parent company only Statements of Comprehensive Income, parent company only Statements of Changes in Equity, parent company only Statements of Cash Flows, and notes to parent company only financial statements (including summary of significant accounting policies) for the annual period from January 1 to December 31, 2023, and 2022.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the *Other Matter – Making Reference to the Audits of Other Independent Accountants* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and their parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

## Revenue recognition

The operating revenues of the Company amounted to NT\$7,889,882 thousand for the year ended 31 December 2023. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; testing general journal entry, performing cutoff procedures, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the parent company only financial statements.

## Evaluation of Inventories

As of December 31, 2023, the Company's net inventories amounted to NT\$1,656,195 thousand, constituting 7% of total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to parent company only financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around inventories by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the parent company only financial statements.

## **Other matter – Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of NT\$1,567,662 thousand and NT\$1,575,688 thousand, constituting 6% and 6% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method of NT\$107,503 thousand and NT\$81,531 thousand, constituting 12% and 4% of pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of (NT\$9,948) thousand and NT\$5,985 thousand, constituting 1% and 4% of other comprehensive income for the year ended 31 December 2023 and 2022, respectively. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or errors, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Taiwan

March 8, 2024

#### **Notice to Readers**

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
**PANJIT INTERNATIONAL INC.**  
Parent Company Only Balance Sheet  
December 31, 2023, and 2022  
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current asset</b>					
Cash and cash equivalents	6(1)	\$692,338	3	\$1,112,018	4
Financial assets at fair value through profit or loss - current	6(2)	114,429	-	14,937	-
Notes receivable, net	6(4).(15)	23,349	-	25,525	-
Trade receivable, net	6(5).(15)	1,694,588	7	1,649,116	7
Trade receivable - related parties, net	6(5).(15),7	442,007	2	322,846	1
Other receivable, net		107,068	-	110,694	1
Other receivable - related parties, net	7	155,119	1	827,627	3
Inventories, net	6(6)	1,656,195	7	2,042,902	8
Other current assets	8	154,654	1	180,332	1
<b>Total current assets</b>		<b>5,039,747</b>	<b>21</b>	<b>6,285,997</b>	<b>25</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income - non-current	6(3)	119,906	-	153,843	1
Investments accounted for using the equity method	6(7)	13,160,968	54	12,655,585	51
Property, Plant, and Equipment	6(8),7	5,216,594	21	4,744,750	19
Right-of-use assets	6(16)	3,381	-	7,170	-
Intangible assets	6(9)	70,464	1	82,278	-
Deferred income tax asset	6(20)	239,581	1	217,014	1
Prepayment for equipments		16,447	0	282,062	1
Other non-current assets		473,220	2	628,739	2
<b>Total non-current assets</b>		<b>19,300,561</b>	<b>79</b>	<b>18,771,441</b>	<b>75</b>
<b>Total assets</b>		<b>\$24,340,308</b>	<b>100</b>	<b>\$25,057,438</b>	<b>100</b>
Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current Liabilities</b>					
Short-term borrowings	6(10)	\$2,334,436	10	\$2,455,192	10
Contractual liabilities - current	6(14)	575	-	365	-
Trade payable		554,405	2	672,133	3
Trade payable-related parties	7	548,690	2	273,253	1
Other payables	7	837,582	3	1,160,401	5
Current tax liabilities		203,185	1	214,183	1
Lease liabilities - current	6(16)	2,759	-	3,882	-
Long-term borrowings, current portion	6(11)	507,000	2	478,875	2
Other current liabilities		42,336	-	13,428	-
<b>Total current liabilities</b>		<b>5,030,968</b>	<b>20</b>	<b>5,271,712</b>	<b>22</b>
<b>Non-current Liabilities</b>					
Long-term borrowings	6(11)	5,910,761	24	6,004,583	24
Deferred tax liabilities	6(20)	72,475	-	74,421	-
Lease liabilities - non-current	6(16)	666	-	3,213	-
Defined benefit liabilities-non-current	6(12)	61,071	-	61,507	-
Other non-current liabilities - others		15,769	-	26,425	-
<b>Total non-current liabilities</b>		<b>6,060,742</b>	<b>24</b>	<b>6,170,149</b>	<b>24</b>
<b>Total liabilities</b>		<b>11,091,710</b>	<b>44</b>	<b>11,441,861</b>	<b>46</b>
<b>Equity</b>					
<b>Capital</b>					
Common stock	6(13)	3,821,149	16	3,828,149	15
Capital surplus	6(13)	6,007,138	25	6,016,861	24
Retained earnings	6(13)				
Legal reserve		729,336	3	505,733	2
Special reserve		717,237	3	717,237	3
Unappropriated retained earnings		2,579,987	11	3,116,721	12
<b>Total retained earnings</b>		<b>4,026,560</b>	<b>17</b>	<b>4,339,691</b>	<b>17</b>
Other components of equity		(606,249)	(2)	(552,617)	(2)
Treasury stock	6(13)	-	-	(16,507)	-
<b>Total equity</b>		<b>13,248,598</b>	<b>56</b>	<b>13,615,577</b>	<b>54</b>
<b>Total liabilities and equity</b>		<b>\$24,340,308</b>	<b>100</b>	<b>\$25,057,438</b>	<b>100</b>

(The accompanying notes are an integral part of the parent company only financial statements.)

## PANJIT INTERNATIONAL INC.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
Operating revenue	6(14),7	\$7,889,882	100	\$8,855,785	100
Operating cost	6(17),7	(6,164,778)	(78)	(6,358,488)	(72)
Gross profit		1,725,104	22	2,497,297	28
Unrealized profit (loss) from sales		(41,671)	-	(36,583)	-
Realized profit (loss) on from sales		36,583	-	32,465	-
Gross profit-net		1,720,016	22	2,493,179	28
Operating expense	6(15),(17),7				
Selling expenses		(503,046)	(6)	(512,034)	(6)
Administrative expenses		(447,030)	(6)	(534,821)	(6)
Research and development expenses		(461,059)	(6)	(448,106)	(5)
Expected credit (losses) gains		(2,707)	-	5,988	-
Total Operating Expense		(1,413,842)	(18)	(1,488,973)	(17)
Operating profit		306,174	4	1,004,206	11
Non-operating income and expenses	6(18)				
Interest income		18,483	-	14,359	-
Other income		76,308	1	32,196	-
Other gains or losses		(11,374)	-	106,680	1
Financial costs		(162,435)	(2)	(107,815)	(1)
Share of profit or loss of subsidiaries and associates under equity method	6(7)	667,824	8	891,458	10
Subtotal		588,806	7	936,878	10
Pretax income from continuing operations		894,980	11	1,941,084	21
Income tax expenses	6(20)	(74,198)	(1)	(183,453)	(2)
Profit from continuing operations		820,782	10	1,757,631	19
Net income		820,782	10	1,757,631	19
Other comprehensive income (loss)	6(19)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(4,243)	-	24,435	-
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income		8,854	-	(283,469)	(3)
Income tax related to items that will not be reclassified		529	-	(2,748)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(54,177)	(1)	486,892	5
Income tax related to items that may be reclassified		7,839	-	(84,180)	(1)
Total other comprehensive income (loss), net of tax		(41,198)	(1)	140,930	1
Total comprehensive income		\$779,584	9	\$1,898,561	20
Earnings per share (NT\$)	6(21)				
Basic earnings per share:		\$2.15		\$4.60	
Diluted earnings per share		\$2.14		\$4.57	

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
**PANJIT INTERNATIONAL INC.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
For the years ended 31 December, 2023 and 2022  
(Expressed in Thousand of New Taiwan Dollars)

Items	Capital		Retained earnings			Other Components of Equity			Treasury Stock	Total Equity
	Common stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others		
Balance as of 1 January, 2022	\$3,828,149	\$6,086,155	\$328,134	\$717,237	\$2,204,637	(\$821,558)	\$570,034	(\$413)	(\$16,507)	\$12,895,868
<b>Appropriation and distribution of 2021 retained earnings</b>										
Legal reserve	-	-	177,599	-	(177,599)	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	116	-	-	-	-	-	-	-	116
Net income in 2022	-	-	-	-	1,757,631	-	-	-	-	1,757,631
Other comprehensive income (loss) in 2022	-	-	-	-	21,175	402,712	(282,957)	-	-	140,930
Total comprehensive income (loss)	-	-	-	-	1,778,806	402,712	(282,957)	-	-	1,898,561
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(69,414)	-	-	36,787	-	-	-	-	(32,627)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	420,435	-	(420,435)	-	-	-
Balance as of 31 December, 2022	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577
Balance as of 1 January, 2023	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577
<b>Appropriation and distribution of 2022 retained earnings</b>										
Legal reserve	-	-	223,603	-	(223,603)	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	(663)	-	-	-	-	-	-	-	(663)
Net income in 2023	-	-	-	-	820,782	-	-	-	-	820,782
Other comprehensive income (loss) in 2023	-	-	-	-	(3,549)	(46,338)	8,689	-	-	(41,198)
Total comprehensive income (loss)	-	-	-	-	817,233	(46,338)	8,689	-	-	779,584
Retirement of treasury share	(7,000)	(9,507)	-	-	-	-	-	-	16,507	-
Increase (decrease) through changes in ownership interests in subsidiaries	-	447	-	-	(2)	-	-	-	-	445
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	15,983	-	(15,983)	-	-	-
Balance as of 31 December, 2023	\$3,821,149	\$6,007,138	\$729,336	\$717,237	\$2,579,987	(\$465,184)	(\$140,652)	(\$413)	\$-	\$13,248,598

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
<b>Cash flow from operating activities</b>		
Net income before tax	\$894,980	\$1,941,084
<b>Adjustment items:</b>		
<b>Revenue and expenses:</b>		
Depreciation	374,374	337,366
Amortization	35,055	37,742
Expected credit impairment losses (gains)	2,707	(5,988)
Net (gain) of financial assets or liabilities at fair value through profit or loss	(4,291)	(267)
Interest expense	162,435	107,815
Interest revenue	(18,483)	(14,359)
Dividend revenue	(3,799)	(3,695)
Share of (profit) loss of associates accounted for using equity method	(667,824)	(891,458)
Loss on disposal of property, plant and equipment	(364)	2,128
Reversal of impairment loss on non-financial assets	-	(5,108)
Unrealized profit from sales	41,670	36,583
Realized (profit) on from sales	(36,583)	(32,465)
Others	173,992	271,519
Subtotal	58,889	(160,187)
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(95,140)	(14,670)
Notes receivable	2,176	35,161
Trade receivable	(48,179)	556,232
Trade payable - related parties	(119,161)	(115,716)
Other receivables	3,626	(4,762)
Other receivables-related parties	672,508	(820,633)
Inventories	219,964	(853,816)
Other current assets	25,680	(14,664)
<b>Net changes in liabilities related to operating activities</b>		
Contract liabilities	210	(5,617)
Trade payable	(117,728)	(146,077)
Trade payable - related parties	275,437	(37,471)
Other payables	(232,067)	91,291
Other current liabilities	28,908	2,552
Net defined benefit liabilities	(6,128)	(13,788)
<b>Total changes in operating assets and liabilities</b>	<b>610,106</b>	<b>(1,341,978)</b>
<b>Cash inflow from operations</b>	<b>1,563,975</b>	<b>438,919</b>
Interest received	18,483	14,359
Income tax (paid)	(101,341)	(247,085)
<b>Net cash provided by operating activities</b>	<b>1,481,117</b>	<b>206,193</b>

(Continued) (The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,692	25,881
Acquisition of investments accounted for under the equity method	(574,066)	(1,778,115)
Decrease in prepayments for investments	-	1,396,500
Acquisition of property, plant, and equipment	(530,832)	(560,468)
Disposal of property, plant, and equipment	364	4,553
Increase in refundable deposits	-	(98,152)
Decrease in refundable deposits	168,954	-
Acquisition of intangible assets	(23,241)	(22,893)
Increase in other non-current assets	(13,435)	(42,150)
Increase in prepayments for equipments	(140,373)	(471,536)
Dividends received	707,148	503,894
Net cash (outflow) by investing activities	<u>(389,789)</u>	<u>(1,042,486)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(120,756)	(476,115)
Proceeds from long-term debt	17,985,782	10,919,829
Repayments of long-term debt	(18,053,999)	(8,490,171)
Repayments of lease liabilities	(4,106)	(5,385)
(Increase) in other non-current liabilities	(10,656)	(11,053)
Cash dividends paid	(1,146,345)	(1,146,345)
Interest paid	(160,928)	(104,911)
Net cash flows from (used in) financing activities	<u>(1,511,008)</u>	<u>685,849</u>
Net (decrease) in cash and cash equivalents	(419,680)	(150,444)
Cash and cash equivalents at beginning of period	1,112,018	1,262,462
Cash and cash equivalents at end of period	<u>\$692,338</u>	<u>\$1,112,018</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

**Independent Auditor’s Report**

To: PANJIT International Inc.

**Opinion**

We have audited the accompanying consolidated balance sheets of PANJIT INTERNATIONAL INC. (the “Company”) and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other independent accountants (please refer to the Other Matter – Making Reference to the Audits of Other Independent Accountants section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

## 1. Revenue Recognition

The consolidated operating revenues of the Company and its subsidiaries amounted to NT\$12,707,319 thousand for the year ended 31 December 2023. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; performing cutoff procedures, testing general journal entry, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

## 2. Evaluation of Inventories

As of 31 December 2023, the Company and its subsidiaries' net inventories amounted to NT\$3,006,980 thousand, constituting 10% of consolidated total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to consolidated financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around inventories by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's consolidated financial statements.

## **Other Matter – Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of NT\$1,567,662 thousand and NT\$1,575,688 thousand, constituting 5% and 5% of consolidated total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method of NT\$107,503 thousand and NT\$81,531 thousand, constituting 9% and 4% of consolidated pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of (NT\$9,948) thousand and NT\$5,985 thousand, constituting 1% and 3% of consolidated other comprehensive income for the year ended 31 December 2023 and 2022, respectively. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **Auditor’s Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **Others**

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Chen, Cheng-Chu

Fuh, Wen-Fun

Ernst & Young, Taiwan

8 March 2024

## **Notice to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of Republic of China, and their applications in practice.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**PANJIT INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
31 December, 2023 and 2022  
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$3,076,877	11	\$3,033,568	10
Financial assets at fair value through profit or loss - current	6(2)	3,325,793	11	2,993,980	10
Notes receivable, net	6(5),(20)	590,324	2	352,859	1
Trade receivable, net	6(6),(20)	3,443,023	12	3,360,160	12
Trade receivable-related parties, net	6(6), (20)/7	39,589	-	56,700	-
Other receivables, net		150,301	1	146,057	-
Other receivables-related parties, net	7	2,760	-	3,352	-
Inventories, net	6(7)	3,006,980	10	3,754,265	13
Prepayments		538,418	2	758,487	3
Other current assets	8	158,256	1	150,376	1
<b>Total current assets</b>		<b>14,332,321</b>	<b>50</b>	<b>14,609,804</b>	<b>50</b>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss-non-current	6(2)	61,989	-	37,485	-
Financial assets at fair value through other comprehensive income-non-current	6(3)	493,248	2	521,889	2
Financial assets measured at amortized cost-non-current	6(4)	27,511	-	26,622	-
Investments accounted for using the equity method	6(8)	2,018,480	7	2,038,347	7
Property, plant and equipment	6(9)/7	7,801,152	27	7,411,293	25
Right-of-use assets	6(21)	1,224,334	4	1,296,176	5
Intangible assets	6(10),(11)	1,649,469	6	1,661,358	6
Deferred tax assets	6(25)	379,346	1	350,643	1
Prepayment for equipments		78,260	-	443,341	2
Refundable deposits	8	468,708	2	637,470	2
Other non-current assets	8	147,917	1	132,418	-
<b>Total non-current assets</b>		<b>14,350,414</b>	<b>50</b>	<b>14,557,042</b>	<b>50</b>
<b>Total assets</b>		<b>\$28,682,735</b>	<b>100</b>	<b>\$29,166,846</b>	<b>100</b>
<b>Liabilities and equity</b>					
<b>Current Liabilities</b>					
Short-term borrowings	6(12)	\$2,689,193	9	\$2,769,949	10
Contract liabilities-current	6(19)	9,744	-	10,041	-
Notes payable	6(13)	636,740	2	605,905	2
Trade payable		1,350,821	5	1,417,681	5
Trade payable-related parties	7	54,277	-	59,068	-
Other payables		1,368,002	5	1,742,971	6
Other payables - related parties	7	37,190	-	37,903	-
Current tax liabilities		288,522	1	295,814	1
Lease liabilities - current	6(21),7	51,245	-	52,735	-
Long-term borrowings, current portion	6(15),8	507,000	2	478,875	2
Other current liabilities - other		117,330	1	76,945	-
<b>Total current liabilities</b>		<b>7,110,064</b>	<b>25</b>	<b>7,547,887</b>	<b>26</b>
<b>Non-current Liabilities</b>					
Long-term borrowings	6(15),8	6,342,653	22	6,033,741	21
Deferred tax liabilities	6(25)	82,889	-	91,895	-
Lease liabilities - non-current	6(21),7	281,270	1	321,641	1
Long-term deferred revenue	6(14)	61,566	-	98,807	-
Defined benefit liabilities - non-current	6(16)	66,579	-	66,945	-
Other non-current liabilities		103,175	1	96,695	-
<b>Total non-current liabilities</b>		<b>6,938,132</b>	<b>24</b>	<b>6,709,724</b>	<b>22</b>
<b>Total liabilities</b>		<b>14,048,196</b>	<b>49</b>	<b>14,257,611</b>	<b>48</b>
<b>Equity attributable to the parent company</b>					
<b>Capital</b>					
Common stock	6(17)	3,821,149	13	3,828,149	13
Capital surplus	6(17)	6,007,138	21	6,016,861	21
<b>Retained earnings</b>	6(17)				
Legal reserve		729,336	3	505,733	2
Special reserve		717,237	2	717,237	2
Unappropriated retained earnings		2,579,987	9	3,116,721	11
<b>Total retained earnings</b>		<b>4,026,560</b>	<b>14</b>	<b>4,339,691</b>	<b>15</b>
Other components of equity		(606,249)	(2)	(552,617)	(2)
Treasury stock	6(17)	-	-	(16,507)	-
<b>Total equity attributable to the parent company</b>		<b>13,248,598</b>	<b>46</b>	<b>13,615,577</b>	<b>47</b>
<b>Non-controlling interests</b>	6(17)	1,385,941	5	1,293,658	5
<b>Total equity</b>		<b>14,634,539</b>	<b>51</b>	<b>14,909,235</b>	<b>52</b>
<b>Total liabilities and equity</b>		<b>\$28,682,735</b>	<b>100</b>	<b>\$29,166,846</b>	<b>100</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**  
**PANJIT INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the years ended 31 December, 2023 and 2022  
(Expressed in Thousand of New Taiwan Dollars, Except for Earnings per share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
Operating revenues	6(19),7	\$12,707,319	100	\$13,227,847	100
Operating costs	6(7).(22),7	(9,499,258)	(75)	(9,232,010)	(70)
Gross profit		3,208,061	25	3,995,837	30
Operating expense	6(20).(21).(22),7				
Selling expense		(676,346)	(5)	(681,383)	(5)
Administrative expenses		(860,584)	(7)	(973,484)	(7)
Research and development expenses		(832,674)	(6)	(719,208)	(6)
Expected credit impairment (losses) gains	6(20)	(4,723)	-	9,311	-
Total operating expense		(2,374,327)	(18)	(2,364,764)	(18)
Operating income		833,734	7	1,631,073	12
Non-operating income and expenses	6(21).(23),7				
Interest income		171,995	1	133,842	1
Other income	7	148,447	1	108,782	1
Other gains or losses	7	134,241	1	241,339	2
Finance costs		(202,803)	(2)	(138,090)	(1)
Impairment loss determined in accordance with IFRS 9, net	6(20)	(25,367)	-	-	-
Share of profit or loss of associates under equity method	6(8)	104,849	1	114,396	1
Total non-operating income and expenses		331,362	2	460,269	4
Pretax income from continuing operations		1,165,096	9	2,091,342	16
Income tax expenses	6(25)	(152,145)	(1)	(333,438)	(3)
Profit from continuing operations		1,012,951	8	1,757,904	13
Net income		1,012,951	8	1,757,904	13
Other comprehensive income (loss)	6(24)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(4,446)	-	26,842	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		9,991	-	(293,286)	(2)
Income tax related to items that will not be reclassified	6(24).(25)	291	-	(6,948)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(46,247)	-	583,547	5
Income tax related to items that may be reclassified	6(24).(25)	9,147	-	(93,185)	(1)
Other comprehensive income of the current period (net after tax)		(31,264)	-	216,970	2
Total comprehensive income		\$981,687	8	\$1,974,874	15
Profit (loss), attributable to:					
Profit (loss), attributable to owners of parent		\$820,782	6	\$1,757,631	13
Profit (loss), attributable to non-controlling interests		192,169	2	273	-
		\$1,012,951	8	\$1,757,904	13
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of parent		\$779,584	6	\$1,898,561	14
Comprehensive income, attributable to non-controlling interests		202,103	2	76,313	1
		\$981,687	8	\$1,974,874	15
Earnings per share (NTD)	6(26)				
Basic earnings per share		\$2.15		\$4.60	
Diluted earnings per share		\$2.14		\$4.57	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	Equity Attributable to Parent Company										Non-Controlling interests	Total Equity
	Capital	Retained Earnings				Other Components of Equity			Treasury stock	Total		
	Common stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others				
Balance as of 1 January, 2022	\$3,828,149	\$6,086,155	\$328,134	\$717,237	\$2,204,637	(\$821,558)	\$570,034	(\$413)	(\$16,507)	\$12,895,868	\$215,134	\$13,111,002
Appropriation and distribution of 2021 retained earnings												
Legal reserve	-	-	177,599	-	(177,599)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	116	-	-	-	-	-	-	-	116	(354)	(238)
Net income in 2022	-	-	-	-	1,757,631	-	-	-	-	1,757,631	273	1,757,904
Other comprehensive income (loss) in 2022	-	-	-	-	21,175	402,712	(282,957)	-	-	140,930	76,040	216,970
Total comprehensive income (loss)	-	-	-	-	1,778,806	402,712	(282,957)	-	-	1,898,561	76,313	1,974,874
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(69,414)	-	-	36,787	-	-	-	-	(32,627)	120,672	88,045
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4	(165,271)	(165,267)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,047,164	1,047,164
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	420,435	-	(420,435)	-	-	-	-	-
Balance as of 31 December, 2022	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577	\$1,293,658	\$14,909,235
Balance as of 1 January, 2023	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577	\$1,293,658	\$14,909,235
Appropriation and distribution of 2022 retained earnings												
Legal reserve	-	-	223,603	-	(223,603)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	(663)	-	-	-	-	-	-	-	(663)	-	(663)
Net income in 2023	-	-	-	-	820,782	-	-	-	-	820,782	192,169	1,012,951
Other comprehensive income (loss) in 2023	-	-	-	-	(3,549)	(46,338)	8,689	-	-	(41,198)	9,934	(31,264)
Total comprehensive income (loss)	-	-	-	-	817,233	(46,338)	8,689	-	-	779,584	202,103	981,687
Retirement of treasury share	(7,000)	(9,507)	-	-	-	-	-	-	16,507	-	-	-
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	-	-	-	-	-	-	-	-	-	8,674	8,674
Increase (decrease) through changes in ownership interests in subsidiaries	-	447	-	-	(2)	-	-	-	-	445	(385)	60
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(118,109)	(118,109)
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	15,983	-	(15,983)	-	-	-	-	-
Balance as of 31 December, 2023	\$3,821,149	\$6,007,138	\$729,336	\$717,237	\$2,579,987	(\$465,184)	(\$140,652)	(\$413)	\$-	\$13,248,598	\$1,385,941	\$14,634,539

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**PANJIT INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended 31 December, 2023 and 2022  
(Expressed in Thousand of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Net income before tax	\$1,165,096	\$2,091,342
Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:		
Revenue and expenses		
Depreciation	857,325	723,387
Amortization	41,120	48,317
Expected credit losses (gains)	30,090	(9,311)
Net (gain) of financial assets and liabilities at fair value through profit or loss	(132,139)	(70,231)
Interest expense	202,803	138,090
Interest revenue	(171,995)	(133,842)
Dividend revenue	(8,231)	(15,555)
Share of (profit) loss of associates accounted for using equity method	(104,849)	(114,396)
(Gain) on disposal of property, plant and equipment	(26,683)	(73)
Loss on disposal of investments	7,955	-
(Gain) on disposal of investments accounted for under the equity method	-	(72,787)
Reversal of impairment loss on non-financial assets	(692)	(5,271)
Others-Loss on inventory valuation	264,180	332,083
Others-other	(27,789)	(10,537)
Subtotal	<u>931,095</u>	<u>809,874</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(240,422)	697,064
Notes receivable	(237,465)	226,590
Trade receivable	(85,520)	597,172
Trade receivable-related parties	17,111	83,989
Other receivables	(29,137)	6,159
Other receivables-related parties	592	3,172
Inventories	486,944	(1,375,857)
Prepayments	235,995	(164,551)
Other current assets	(7,880)	152,577
Changes in operating liabilities:		
Contract liabilities	(297)	(6,809)
Notes payable	30,835	(149,679)
Trade payable	(67,460)	(685,919)
Trade payable-related parties	(4,791)	(127,182)
Other payables	(160,421)	(122,875)
Other payables-related parties	(713)	(2,653)
Other current liabilities	40,351	53,472
Net defined benefit liabilities-non-current	(6,966)	(14,977)
Total changes in operating assets and liabilities	<u>(29,244)</u>	<u>(830,307)</u>
Cash inflow generated from operations	<u>2,066,947</u>	<u>2,070,909</u>
Interest received	171,995	133,842
Income tax (paid)	(193,550)	(424,322)
Net cash provided by operating activities	<u>2,045,392</u>	<u>1,780,429</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	21,361	734,294
Acquisition of financial assets at fair value through profit or loss	(25,131)	(39,074)
Acquisition of investments accounted for under the equity method	-	(27,151)
Proceeds from disposal of investments accounted for using equity method	-	97,750
Net cash flow from acquisition of subsidiaries	1,143	(997,574)
Acquisition of property, plant, and equipment	(830,021)	(1,248,453)
Proceeds from disposal of property, plant and equipments	30,635	10,920
Increase in refundable deposits	-	(96,196)
Decrease in refundable deposits	168,785	-
Acquisition of intangible assets	(23,263)	(32,051)
Increase in other financial assets	(2,065)	-
Decrease in other financial assets	-	9,325
Increase in other non-current assets	(13,435)	(37,507)
Increase in prepayments for equipments	(206,770)	(694,560)
Dividends received	129,210	143,846
Net cash flows (used in) by investing activities	<u>(749,551)</u>	<u>(2,176,431)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(71,369)	(452,310)
Proceeds from long-term debt	333,059	1,884,954
Payments of lease liabilities	(72,726)	(67,375)
Increase in other non-current liabilities	6,481	-
Decrease in other non-current liabilities	-	(10,801)
Cash dividends paid	(1,146,345)	(1,146,345)
Acquisition of ownership interests in subsidiaries	-	(753)
Interest paid	(185,178)	(123,906)
Change in non-controlling interests	(114,804)	(293,517)
Net cash flows (used in) by financing activities	<u>(1,250,882)</u>	<u>(210,053)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,650)	225,916
Net increase (decrease) in cash and cash equivalents	43,309	(380,139)
Cash and cash equivalents at beginning of period	3,033,568	3,413,707
Cash and cash equivalents at end of period	<u>\$3,076,877</u>	<u>\$3,033,568</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

**PANJIT International Inc.****2023 Earnings Distribution Chart**

Unit: NT\$

Items	Amount		Remark
	Subtotals	Total	
Opening undistributed earnings		\$ 1,746,773,649	
Plus: Net Income	820,782,159	836,765,167	
Disposal of equity instruments at fair value through other comprehensive income	15,983,008		
Minus:2023 Other Comprehensive Income (Re-measurement of Defined Benefit Plan)	(3,549,058)	(3,551,721)	
Changes In Ownership Interest In Subsidiaries	(2,663)		
Subtotals		<u>2,579,987,095</u>	
Appropriated Items:			
Minus: Appropriated for Legal Reserve	(83,321,345)	(83,321,345)	
Earnings available for distribution		<u>2,496,665,750</u>	
Items for Distribution:			
Shareholder bonus - cash (NT\$1.2 per share)	(458,537,912)	(458,537,912)	
Ending undistributed earnings		<u><u>\$2,038,127,838</u></u>	

## Note:

- The legal reserve is set out in accordance with the MOEA letter No. 10802432410 dated January 9, 2020, and calculated based on “the net profit for the current period plus items other than the net profit for the current period shall be included in the current year’s undistributed earnings.”
- Based on the number of issued shares as of February 29, 2024, 382,114,927 shares, the distribution of NT\$1.2 per share is calculated. The amount of dividend distribution to shareholders is calculated as follows: NT\$1.2 x 382,114,927 shares = NT\$458,537,912

Chairman: FANG, MING-CHING

Managerial Officer: FANG, MING-CHING

Accounting Supervisor: HSIEH, PAI-CHENG

Comparison Table of Amendments to the "Rules of Procedures for Shareholders Meetings"

Article No.	Amended	Before amendments	Description
<p>Article 3</p>	<p>(Notice of convening and meeting of the shareholders meeting)            Unless otherwise provided by regulations, the shareholders meeting is convened by the Board of Directors.  <u>If the Company convenes a video conference of the shareholders' meeting, it must be specified in the Articles of Incorporation approved by the Board of Directors, unless otherwise provided in the Standards for the " Regulations Governing the Administration of Shareholder Services of Public Companies ". The resolution to hold a virtual shareholders' meeting shall be approved by the board of directors with more than two-thirds of the directors present and a majority of the directors present.</u>            Changes to the method of convening the shareholders' meeting of the Company shall be subject to the resolution of the board of directors. And at the latest before the notice of the shareholders' meeting is dispatched.            (Omitted below)</p>	<p>(Notice of convening and meeting of the shareholders meeting)            Unless otherwise provided by regulations, the shareholders meeting is convened by the Board of Directors.            Changes to the method of convening the shareholders' meeting of the Company shall be subject to the resolution of the board of directors. And at the latest before the notice of the shareholders' meeting is dispatched.            (Omitted below)</p>	<p>Revised in accordance with the " Regulations Governing the Administration of Shareholder Services of Public Companies ".</p>
<p>Article 6-1</p>	<p>(Convening a video conference of the shareholders' meeting, and the matters to be included in the convening notice)            When the Company holds a virtual shareholders meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:            1. How shareholders attend the virtual meeting and exercise their rights.</p>	<p>(Convening a video conference of the shareholders' meeting, and the matters to be included in the convening notice)            When the Company holds a virtual shareholders meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:            1. How shareholders attend the virtual meeting and exercise their rights.</p>	<p>Revised in accordance with the " Regulations Governing the Administration of Shareholder Services of Public Companies ".</p>



Article No.	Amended	Before amendments	Description
	<p>2. The handling of obstacles to the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, incidents or other force majeure events, including at least the following:</p> <p>(1) The time when the pre-occupational obstacle cannot be ruled out and the meeting needs to be postponed or resumed, and the date when the meeting needs to be postponed or resumed.</p> <p>(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>(3) To hold a hybrid shareholders meeting, if the virtual meeting cannot be continued, after deducting those represented by shareholders attending the virtual shareholders meeting online, the total number of shares attending the shareholders meeting reaches the statutory quota for the shareholders meeting, and the shareholders meeting should continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</p>	<p>2. The handling of obstacles to the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, incidents or other force majeure events, including at least the following:</p> <p>(1) The time when the pre-occupational obstacle cannot be ruled out and the meeting needs to be postponed or resumed, and the date when the meeting needs to be postponed or resumed.</p> <p>(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>(3) To hold a hybrid shareholders meeting, if the virtual meeting cannot be continued, after deducting those represented by shareholders attending the virtual shareholders meeting online, the total number of shares attending the shareholders meeting reaches the statutory quota for the shareholders meeting, and the shareholders meeting should continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</p>	

Article No.	Amended	Before amendments	Description
	<p>(4) In the event that all the motions have been announced, but no provisional motion has been made, the handling method.</p> <p>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. <u>Except for the cases specified in Article 44-9, paragraph 6 of the "Regulations Governing the Administration of Shareholder Services of Public Companies", the Company shall, at a minimum, provide shareholders with access to facilities and necessary assistance, and set forth the period during which shareholders may apply to the Company and other relevant matters to be noted.</u></p>	<p>(4) In the event that all the motions have been announced, but no provisional motion has been made, the handling method.</p> <p>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	
Article 22	<p>(Handling of digital gap)</p> <p>When convening a virtual-only shareholders meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. <u>Except for the cases specified in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall, at a minimum, provide shareholders with access to facilities and necessary assistance, and set forth the period during which shareholders may apply to the Company and other relevant matters to be noted.</u></p>	<p>(Handling of digital gap)</p> <p>When convening a virtual-only shareholders meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</p>	Revised in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Comparison Table of Amendments to “Articles of Incorporation”

Article No.	Amended	Before amendments	Description
Article 1	The Company is incorporated in accordance with the Company Act of the Republic of China and is named 強茂股份有限公司. The English name of the Company is <u>PANJIT INTERNATIONAL INC.</u>	The Company is incorporated in accordance with the Company Act of the Republic of China and is named 強茂股份有限公司. The English name of the Company is <u>PAN JIT INTERNATIONAL INC.</u>	Delete the blank
Article 19-1	If the Company has any earnings after annual settlement, the earning shall be first used to pay taxes and cover past losses. Then, 10% of the remaining balance of the earnings shall be provided as legal reserve and the special reserve shall be provided or reversed in accordance with the regulations of the competent authority, and after that, the board of directors shall make a proposed distribution of the <u>rest of the profit along with the opening undistributed earnings</u> . When the remaining balance was distributed in the form of new stocks, it shall be distributed after the proposed distribution have been submitted to and resolved by the general meeting of shareholders.  If the Company would like to distribute the dividends and bonuses in whole or in part in the form of cash in accordance with Paragraph 5, Article 240 of the Company Act, it authorizes the board of directors to resolve such proposed distribution by a majority vote at a board meeting attended by two-thirds or more of the directors, and to report such distribution to the shareholders' meeting.	If the Company has any earnings after annual settlement, the earning shall be first used to pay taxes and cover past losses. Then, 10% of the remaining balance of the earnings shall be provided as legal reserve and the special reserve shall be provided or reversed in accordance with the regulations of the competent authority, and after that, the board of directors shall make a proposed distribution of the <u>remaining balance of the earnings</u> . When the remaining balance was distributed in the form of new stocks, it shall be distributed after the proposed distribution have been submitted to and resolved by the general meeting of shareholders.  If the Company would like to distribute the dividends and bonuses in whole or in part in the form of cash in accordance with Paragraph 5, Article 240 of the Company Act, it authorizes the board of directors to resolve such proposed distribution by a majority vote at a board meeting attended by two-thirds or more of the directors, and to report such distribution to the shareholders' meeting.	To specify the Company's dividend distribution policy
Article 19-2	The Company's dividend policy is determined by the board of directors in accordance with its operating plan, investment plan, capital budget and changes in internal and external	The Company's dividend policy is determined by the board of directors in accordance with its operating plan, investment plan, capital budget and changes in internal and external	To specify the Company's dividend

Article No.	Amended	Before amendments	Description
	<p>environment. The Company's business is in a capital-intensive industry and is currently in a stage of operational growth. In consideration of the Company's future capital needs and long-term financial planning, and to meet shareholders' needs for cash inflows, the principles for the distribution of earnings are as follows: <u>It can allocate no less than 10% of the retained earnings available for distribution of the current year as shareholders' dividend. However, in case the accumulated distributable earnings is less than 10% of paid-in capital, the Company may distribute no dividend.</u></p> <p>Cash dividends are preferred over stock dividends, provided that the total amount of cash dividends to be distributed shall not be less than 10% of the total amount of distributed cash and stock dividend.</p>	<p>environment. The Company's business is in a capital-intensive industry and is currently in a stage of operational growth. In consideration of the Company's future capital needs and long-term financial planning, and to meet shareholders' needs for cash inflows, the principles for the distribution of earnings are as follows: Cash dividends are preferred over stock dividends, provided that the total amount of cash dividends to be distributed shall not be less than 10% of the total amount of distributed cash and stock dividend.</p>	distribution policy
Article 22	<p>This Articles of Incorporation was established on April 23, 1986.</p> <p>The 1st amendment was made on May 13, 1986.</p> <p>.</p> <p>.</p> <p>(Omitted)</p> <p>The 30th amendment was made on June 14, 2022.</p> <p><u>The 31st amendment was made on June 13, 2024.</u></p>	<p>This Articles of Incorporation was established on April 23, 1986.</p> <p>The 1st amendment was made on May 13, 1986..</p> <p>..</p> <p>(Omitted)</p> <p>The 30th amendment was made on June 14, 2022.</p>	Addition of revision numeration and date

## Individual and Total Number of Shares Held by Directors

Book closure date: April 15, 2024

Position Title	Account Name	Number of Shares Held
Directors	Fang, Ming-Ching	8,522,888 shares
Directors	Fang, Ming-Tsung	2,554,629 shares
Directors	Zhong, Yun-Hui	2,225,319 shares
Directors	King Mao Investment Co., Ltd. Representative: Lin, Hung Kang Representative: Lin, Chun-Hsiang Representative: Chen, Tso- Ming	52,121,710 shares
Independent director	Chen, Yi- Chen	9,975 shares
Independent director	Fan, Liang-Fu	0 shares
Independent director	Chu, Chun-Hsiung	0 shares
Independent director	Tai, Yih-Chi	0 shares
The total of all directors (shares held by Independent Directors are not counted)		65,424,546 shares

1. The number of issued shares was 382,114,927.
2. According to Article 26, Paragraph 2 of the Securities and Exchange Act, the Company's directors shall at least hold a total of 15,284,597 shares.

**PANJIT International Inc.**

Rules of Procedure for Shareholder Meetings (Before Amendment)

Revised on June 14, 2022

- Article 1 To establish an excellent governance system, complete a sound supervisory function and strengthen the management mechanism, the Company, in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, formulated the Rules.
- Article 2 The Company's Rules of Procedure for the Shareholders meeting, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be applied.
- Article 3 (Notice of convening and meeting of the shareholders meeting)
- Unless otherwise provided by regulations, the shareholders meeting is convened by the Board of Directors.
- Changes to the method of convening the shareholders' meeting of the Company shall be subject to the resolution of the board of directors. And at the latest before the notice of the shareholders' meeting is dispatched.
- Thirty days before the Company convenes an annual general meeting or 15 days before an extraordinary general meeting, the Company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors, and other matters on the shareholders meeting agenda, and upload them to the Market Observation Post System. Twenty-one days before the Company is to convene an ordinary shareholders' meeting, or 15 days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the Market Observation Post System. However, if the Company's capital amount exceeds NT\$10 billion at the end of the most recent fiscal year, or the Company convened an ordinary shareholders' meeting in the most recent fiscal year. If the total shareholding ratio of foreign capital and Mainland capital recorded in the shareholder register is more than 30%, the electronic file shall be transmitted 30 days before the ordinary shareholders' meeting. Fifteen days before the Company is to convene a shareholders meeting, it shall prepare the shareholders meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In

addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent.

The procedure Handbook and meeting supplementary materials mentioned in the preceding paragraph shall be provided to shareholders for reference by the Company on the day of the shareholders' meeting in the following ways:

1. For physical shareholders' meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The notice and announcement shall specify the reason for the convening. If the counterparty approves the notice, it may be done electronically.

For appointment or dismissal of directors, change of Articles of Incorporation, capital reduction, application for suspension of public offerings, directors' competition license, a capital increase from surplus, a capital increase from public reserves, Company dissolution, merger, demerger, or the matters in the first paragraph of Article 185 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the main content should be listed and explained in the reason for convening.

Provisional motions shall not be allowed for the proposal.

The reasons for the convening of the shareholders meeting have been stated for the full re-election of directors and appointment date. After the shareholders' re-election is completed, the same meeting shall not change the appointment date by extraordinary motion or other means.

Shareholders who hold more than one percent of the total number of shares in issue may submit a proposal to the Company's ordinary shareholders meeting. The number of proposals is limited to one. Additional proposals shall not be included in the agenda. When any of the circumstances provided in Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Shareholders may submit proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item following the relevant provisions of Article 172-1 of the Company Act. The number of proposals is limited to one. Additional proposals shall not be included in the agenda.

Prior to the book closure date, before an annual general meeting is held, the Company shall publicly announce that it will receive shareholder proposals, acceptance method in written or electronic, and the location and time period for their submission; the period for acceptance of shareholder proposals may not be less than ten days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The

shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.

The Company shall, prior to the delivery of the shareholders meeting notice, inform all the shareholders submitting proposals of the proposal screening results, and shall list in the shareholders meeting notice the proposals conforming to the requirements set out in the Rules. At the shareholders meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 Shareholders may appoint a proxy to attend the shareholders meeting through a letter of appointment printed by the Company, stating the scope of authorization to the proxy.

A shareholder may only execute one letter of appointment, appoint one proxy only, and submit such a letter of appointment to the Company no later than 5 days before the shareholders meeting. If two or more letters of appointment are received from the same shareholder, the first one received by the Company shall prevail. Provided that this does not apply to a declaration made to cancel the previous proxy appointment.

After the letter of appointment is submitted to the Company, in case the shareholder issuing the said letter of appointment intends to attend the shareholders' meeting in person or to exercise his/her voting rights in writing or electronically, a proxy rescission notice shall be filed with the Company 2 days in writing prior to the date of the shareholders' meeting; otherwise, the voting rights exercised by the proxy at the meeting shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles of the place and time of the shareholders meeting)

The venue where a shareholder meeting is to be held shall be in the premises of the Company or a location easy for shareholders to access and appropriate for holding meetings. All shareholder meetings may not begin before 9:00 a.m. or after 3:00 p.m. The opinions of the independent Directors shall be fully taken into consideration in decision of the location and time of a shareholder meeting.

When the Company convenes a virtual-only shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.

Article 6 (Preparation of signature books and other documents)

The Company shall specify in its meeting notices, for the shareholders, solicitors, entrusted agents (hereinafter referred to as shareholders), the time



during which shareholder registrations will be accepted, the place to register for attendance, and other matters for attention.

The registration time described in the preceding paragraph shall be at least 30 minutes before the meeting begins. The registration counter shall be precisely indicated and enough competent personnel shall be assigned to help shareholders register. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders who have completed the registration shall be deemed to have attended the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings with attendance cards, attendance sign-in cards, or other certificates of attendance, the Company shall not arbitrarily add other supporting documents to the supporting documents relied on by shareholders to attend. Solicitors soliciting letters of appointment shall also bring identification documents for verification.

The Company shall maintain an attendance book for the attending shareholders to sign in, or the attending shareholders may take a sign-in card to sign in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials, where there is an election of Directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If the shareholders' meeting is held online, shareholders who wish to attend the meeting online should register with the Company two days before the shareholders' meeting.

If the shareholders' meeting is held online, the Company shall upload the procedure Handbook, annual report and other relevant materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 (Convening a video conference of the shareholders' meeting, and the matters to be included in the convening notice)

When the Company holds a virtual shareholders meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:

1. How shareholders attend the virtual meeting and exercise their rights.
2. The handling of obstacles to the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, incidents or other force majeure events, including at least the following:
  - (1) The time when the pre-occupational obstacle cannot be ruled out and the meeting needs to be postponed or resumed, and the date when the meeting needs to be postponed or resumed.

- (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - (3) To hold a hybrid shareholders meeting, if the virtual meeting cannot be continued, after deducting those represented by shareholders attending the virtual shareholders meeting online, the total number of shares attending the shareholders meeting reaches the statutory quota for the shareholders meeting, and the shareholders meeting should continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - (4) In the event that all the motions have been announced, but no provisional motion has been made, the handling method.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 (Chairman of the shareholders meeting and non-voting members)

When a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case the Chairman is on leave or for any reason unable to exercise his powers, the vice Chairman shall act in place of the Chairman. If there is no vice Chairman or the vice Chairman is also on leave or for any reason unable to exercise his powers, the Chairman shall appoint one of the managing Directors to act as the chair, or if managing Directors have not been appointed, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such appointment, the managing Directors or the Directors shall elect one person from among themselves to serve as chair.

Shareholders meetings convened by the Board of Directors shall be attended by a majority of the Directors.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a Shareholders Meeting with a non-voting capacity.

Article 8 (Record of audio or video recording of shareholders' meetings)

The Company shall record the shareholders' meetings by audio and video and keep the recording for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the termination of the litigation.

If the shareholders' meeting is held online, the Company shall keep records of shareholders' registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, etc. The video conference will be recorded and recorded continuously without interruption.

The information and audio and video recordings mentioned in the preceding paragraph shall be properly preserved by the Company during the period of existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

If the shareholders' meeting is held by video conference, the Company should record and record the background operation interface of the virtual meeting platform.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the signature book or sign-in cards handed, the shares checked in on the virtual meeting platform, and the number of shares of voting rights are exercised in writing or electronically.

The chair shall call the meeting to order at the appointed meeting time. At the same time, relevant information such as the number of non-voting rights and the number of shares present shall be announced.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. If the shareholders' meeting is held online, the company shall also announce the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. If the shareholders' meeting is held online, shareholders who wish to attend the meeting online shall re-register with the company in accordance with Article 6.

When, prior to termination of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may submit the tentative resolution for a vote to the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 (Proposal and discussion)

If a Shareholders Meeting is convened by the Board, the meeting agenda shall be set by the Board. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders Meeting. The provisions of the preceding paragraph apply to a shareholders meeting convened by a party with the power to convene that is the member of the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunities for explanation and discussion of proposals of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote and arrange an adequate voting time.

Article 11 (Shareholders' speeches)

Before speaking, the attending shareholder shall complete the speaker's slip indicating the subject of speech, shareholder's account number (or the attendance card number) and account name. The sequence of speeches shall be determined by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Each attending shareholder shall make no more than two speeches for each motion and each speech shall not exceed 5 minutes unless otherwise consented by the chairman.

The chair shall retain all rights to stop any speech if the shareholder's speech violates the aforementioned principle or is outside the scope of the topic.

When an attending shareholder is speaking, other shareholders may not speak or interrupt. Unless they have obtained the consent of the chair and the shareholder who has the floor, the chair shall stop any violation.

When a corporate shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives appointed may speak on the same proposal.

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

If a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may ask questions in text at the virtual meeting platform of the

shareholders' meeting after the chairman announces the meeting and before the announcement of the adjournment of the meeting. The number of questions asked for each proposal shall not exceed two times, each time shall be limited to 200 words, and the provisions of items 1 to 5 shall not apply.

If the question mentioned in the preceding paragraph does not violate the regulations or does not exceed the scope of the proposal, it is advisable to expose the question at the virtual meeting platform of the shareholders' meeting for public knowledge.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Except for a stock agency approved by a trusted enterprise or the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares. The excess voting rights shall not be counted.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights in writing or electronically. A shareholder exercising voting rights in writing or electronically will be deemed to have attended the meeting in person. But will be deemed to have waived his/her rights with respect to the extempore motions and revisions to the original proposals of that meeting.

A shareholder intending to exercise voting rights in writing or electronically under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail.

Except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights in writing or electronically, in the event the shareholder intends to attend the shareholders' meeting in person or online, he/she shall use the same mean by which the voting rights were

exercised to retract the voting rights already exercised under the preceding paragraph 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised in writing or electronically shall prevail. When a shareholder exercises voting rights in writing or electronically and appoints a proxy to attend a shareholders meeting by the letter of appointment, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, the shareholders shall vote, and after the shareholders meeting is held, the results of shareholders' approval, opposition, and abstention shall be entered into the Market Observation Post System.

When there is an amendment or an alternative to the same proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote.

When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

The counting of votes shall be made public in the shareholders meeting and the results of the voting shall be reported on the spot and recorded.

When this Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

If the shareholders' meeting is held online, the votes shall be counted in one go after the chairman announces the close of voting, and announce the voting and election results.

When the Company holds a hybrid shareholders meeting, shareholders who have registered to attend the shareholders' meeting online in accordance with the provisions of Article 6, who wish to attend the physical shareholders' meeting in person, shall cancel the registration in the same manner as the registration two days before the shareholders' meeting; those who cancel within the time limit can only attend the shareholders' meeting online.

Those who exercise their voting rights in writing or electronically without revoking their intentions and participate in the shareholders' meeting by video conferencing shall not exercise their voting rights on the original proposal or propose amendments to the original proposal or exercise the voting rights for amendments to the original proposal, except for temporary motions.

Article 14 (Elections)

The election of Directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of voting rights with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the termination of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the termination of the meeting. Electronic measures may be adopted to print and distribute meeting minutes.

Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the Market Observation Post System. Proceedings should exactly record the year, month, day, place, name of the Chairman, resolution method, the essentials of the deliberations, and voting results (including statistical weights.) When electing directors, the number of votes each candidate has should be disclosed. It shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, the minutes of the shareholders' meeting shall record the start and end time of the shareholders' meeting, the method of convening the meeting, the name of the chairman and the record, as well as the events caused by natural disasters, incidents or other force majeure. The handling method and handling situation when an obstacle occurs to the video conferencing platform or participation by video conferencing.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

Article 16 (Official notice)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors in writing or electronically through solicitation and the number of shares represented by proxies and the number of shares attended by shareholders, and shall make an express disclosure of the same at the place of the shareholders meeting. If the shareholders' meeting is held online, the Company shall upload the above-mentioned materials to the virtual meeting

platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

The Company holds a virtual shareholders meeting. When announcing the meeting, the total number of shareholders' shares present shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the meeting are otherwise counted during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintenance of venue order)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The chair may direct the inspectors or security personnel to help maintain order at the meeting place. When inspectors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "inspector."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than equipment set up by the Company, the chair may prevent the shareholder from doing the same.

When a shareholder violates the rules of procedure, defies the chair's correction, obstructs the proceedings and refuses to heed order to stop, the chair may direct the inspectors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and continuation)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continuous use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 (Disclosure of information for video conferences)

If the shareholders' meeting is held online, the Company shall immediately disclose the voting results and election results of various proposals on the virtual meeting platform of the shareholders' meeting in accordance with the



regulations. And it should continue to expose for at least fifteen minutes after the chairman announces the dismissal of the meeting.

Article 20 (Location of the chairman of the video shareholder meeting and the recorder)  
When the Company holds a virtual-only shareholders meeting, the chairman and the recorder shall be in the same place. The chairman shall announce the address of the place at the meeting.

Article 21 (Handling of disconnection)  
In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.  
In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.  
For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session. During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.  
When the company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22 (Handling of digital gap)

When convening a virtual-only shareholders meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23 The Rules, along with any amendments hereto, shall be implemented after adoption by shareholders' meetings.

## **PANJIT International Inc.**

### **Articles of Incorporation (Before Amendment)**

#### **Chapter 1 General Provisions**

- Article 1: The Company is incorporated in accordance with the Company Act of the Republic of China and is named 強茂股份有限公司. The English name of the Company is PAN JIT INTERNATIONAL INC.
- Article 2 The business scope of the Company is as follows:
- (1) General import and export trade business (except for business that requires governmental approval).
  - (2) Assembling, trading, and technology transfer of various mechanical parts.
  - (3) Manufacturing, processing, assembling, trading, importing and exporting of all kinds of semiconductor rectifiers.
  - (4) Import and export of resins and coatings for electronic applications in the preceding paragraph.
  - (5) Manufacturing, processing, assembling trading, importing and exporting of general precision electronic materials and components.
  - (6) Import and export trade business of products in the preceding paragraph and act as an agent of domestic and foreign manufacturers for the sale of electronic products.
  - (7) Other businesses that are not prohibited or restricted by law except for business that requires governmental approval.
- Article 2-1: When necessary for the Company's business, the Company may provide the endorsement and guarantee to others in accordance with the provisions of the Company's Procedures for Endorsement and Guarantee.
- Article 3: The Company shall have its head office in Kaohsiung City. As necessary, the Company may set up branch offices within or outside the Republic of China after being resolved by the board of directors.
- Article 4: Deleted.

## Chapter 2 Shares

Article 5: The total authorized capital of the Company shall be in the amount of NT\$ 6,000,000,000 divided into 600,000,000 shares, at a par value of NT\$10 each and shall be issued in installments. The remaining of the un-issued shares may be issued thereafter upon the resolution of the board of directors when necessary.

Within the authorized capital in the preceding paragraph, NT\$100,000,000 are reserved for employee stock option, a total of 10,000,000 shares, at a par value of NT\$10 each and may be issued in installments upon the resolution of the board of directors.

Article 6: Deleted.

Article 7: The Company's shares shall be in registered form after being signed or affixed with the seals of the directors representing the Company, and may be issued after certified by a bank which is eligible to certify the issuance of the shares under the applicable law. The registered shares issued by the Company may be issued without a share certificate, as may other securities, provided that they are registered with a centralized securities depository enterprise.

Article 8: No change of shareholder's name in the register of shareholders may be made within 60 days prior to the annual general meeting, within 30 days prior to the extraordinary general meeting, or within five days prior to the date on which the Company decides to distribute dividends and bonuses or other benefits.

Article 8-1: Treasury shares bought back by the Company may be transferred to employees at a price lower than the average price of the shares actually bought back, provided that such plan is resolved by the shareholders' meeting attended by a majority of the total number of issued shares and approved by two-thirds of the votes of the shareholders present.

Article 8-2: The treasury shares bought back by the Company under the Company Act may be transferred to employees of the Company's controlling or subordinate companies who meet certain criteria.

The Company's employee stock options may be granted to employees of the Company's controlling or subordinate companies who meet certain criteria.

When the Company issues new shares, the employees who are eligible to subscribe the shares may include employees of the Company's controlling or subordinate companies who meet certain criteria.

The Company's employee restricted shares may be issued to employees of the Company's controlling or subordinate companies who meet

certain criteria.

The board of directors shall determine the "certain criteria" referred to above.

### **Chapter 3 Shareholders Meeting**

Article 9: Shareholders' meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be annually convened by the board of directors within six months after the end of each fiscal year pursuant to the applicable laws. The extraordinary general meeting shall be convened pursuant to the applicable laws when necessary.

Article 9-1: Shareholders' meeting can be held by means of video conference or other methods promulgated by the central competent authority.

Article 10: Where a shareholder is unable to attend the shareholders' meeting, such shareholder may, appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. In addition to the Company Act, the procedure for shareholders to appoint a proxy to attend a shareholders' meeting shall also be in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.

Article 11: Unless otherwise provided for in the Company Act or other relevant laws and regulations, each shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 12: Unless otherwise provided for in the Company Act, a shareholders' meeting resolution shall be adopted by a majority vote in a shareholders' meeting attended by shareholders in person or proxies representing a majority of the Company's issued shares.

### **Chapter 4 Directors and Audit Committee**

Article 13: The Company shall have seven to eleven directors, each with a term of office of three years. Directors shall be elected at a shareholders' meeting from persons of legal capacity and the directors are eligible for re-election. The total shareholding of the directors shall be subject to rules prescribed by the relevant securities regulatory authority.

Among the abovementioned number of directors, the number of independent directors shall not be less than three (at least one of them

shall have accounting or financial expertise) and shall not be less than one-fifth of the total number of directors.

The election of directors adopts a candidate nomination system, and shareholders shall elect directors from a list of director candidates in accordance with Article 192-1 of the Company Act.

Independent directors and non-independent directors shall be elected together and the number of the elected independent and non-independent directors shall be calculated separately. The professional qualifications, shareholdings, restrictions on concurrent employment, nomination and election of independent directors and other matters to be followed shall be subject to relevant rules prescribed by the securities regulatory authority.

Article 13-1: The Company established an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The number of members, term of office, duties and rules of procedure of the Audit Committee shall be in accordance with the relevant provisions of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies and shall be stipulated in the Audit Committee Charter.

Article 14: The board of directors shall be composed of directors. The chairman of the board shall be elected from among directors by a majority vote at a board meeting attended by two-thirds or more of the directors. The chairman shall be the representative of the Company.

Article 15: In the event that the chairman of the board of directors is on leave or cannot exercise his powers and authorities for any cause, he shall designate a director to act on his behalf. If the chairman of the board of directors does not designate a proxy, the directors shall appoint a proxy of the chairman from among themselves.

Article 15-1: In case the director is unable to attend a meeting of board of directors, he may issue a written proxy with his signature and seal, listing the scope of the authority with reference to the subjects to be discussed at the meeting and appoint one of the other directors as his proxy to attend the meeting. A director may only act as the proxy of one other director.

In case a meeting of the board of directors is proceeded via video conference, then the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Notices for convening the meetings of the board of directors shall be delivered to each director in writing, by E-mail or by facsimile no later than seven days prior to the meeting.

In the event of emergency, the meeting of the board of directors can be convened anytime and the notices may also be delivered in writing, by e-

mail or by facsimile.

Article 16: The remuneration of all directors shall be paid regardless whether the Company has profits or suffers losses, and is authorized to be decided by the board of director depending on the standard generally adopted by other enterprises in the same industry.

### **Chapter 5 Managerial office**

Article 17: The Company shall have managerial officers, and the appointment, discharge and remuneration of the managerial officers shall be decided in accordance with Article 29 of the Company Act.

### **Chapter 6 Accounting**

Article 18: At the close of each fiscal year, the following reports shall be prepared by the board of directors, submitted to the annual general meeting of shareholders for acceptance:

1. Business Report.
2. Financial statements.
3. Proposal for distribution of earnings or for covering of loss.

Article 19: If the Company makes profits in a year, it shall distribute not less than 6% as the employees' compensation and not more than 2% as the remuneration of directors. However, if the Company has accumulated losses, it shall reserve an amount for covering losses in advance.

The aforementioned employee' compensation may be distributed in the form of stock or cash, and may include employees of the Company's controlling or subordinate companies who meet certain criteria, as determined by the board of directors.

Article 19-1: If the Company has any earnings after annual settlement, the earning shall be first used to pay taxes and cover past losses. Then, 10% of the remaining balance of the earnings shall be provided as legal reserve and the special reserve shall be provided or reversed in accordance with the regulations of the competent authority, and after that, the board of directors shall make a proposed distribution of the remaining balance of the earnings. When the remaining balance was distributed in the form of new stocks, it shall be distributed after the proposed distribution have been submitted to and resolved by the general meeting of shareholders.

If the Company would like to distribute the dividends and bonuses in whole or in part in the form of cash in accordance with Paragraph 5,

Article 240 of the Company Act, it authorizes the board of directors to resolve such proposed distribution by a majority vote at a board meeting attended by two-thirds or more of the directors, and to report such distribution to the shareholders' meeting.

Article 19-2: The Company's dividend policy is determined by the board of directors in accordance with its operating plan, investment plan, capital budget and changes in internal and external environment. The Company's business is in a capital-intensive industry and is currently in a stage of operational growth. In consideration of the Company's future capital needs and long-term financial planning, and to meet shareholders' needs for cash inflows, the principles for the distribution of earnings are as follows: Cash dividends are preferred over stock dividends, provided that the total amount of cash dividends to be distributed shall not be less than 10% of the total amount of distributed cash and stock dividend.

Article 19-3: In accordance with Article 241 of the Company Act, the Company will issue all or part of the legal reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

### **Chapter 7 Supplementary Provisions**

Article 20: The Company may invest more than 40% of the paid-in capital in reinvestment and the board of directors is authorized to execute the matters.

Article 21: Any matters not provided for in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 22: This Articles of Incorporation was established on April 23, 1986.

The 1st amendment was made on May 13, 1986.

The 2nd amendment was made on June 12, 1986.

The 3rd amendment was made on June 4, 1988.

The 4th amendment was made on April 22, 1993.

The 5th amendment was made on December 28, 1993.

The 6th amendment was made on May 1, 1994.

The 7th amendment was made on November 11, 1994.

The 8th amendment was made on January 20, 1996.



The 9th amendment was made on June 10, 1997.  
The 10th amendment was made on June 21, 1997.  
The 11th amendment was made on March 28, 1998.  
The 12th amendment was made on October 6, 1998.  
The 13th amendment was made on April 29, 1999.  
The 14th amendment was made on April 29, 1999.  
The 15th amendment was made on March 31, 2000.  
The 16th amendment was made on March 31, 2000.  
The 17th amendment was made on April 24, 2001.  
The 18th amendment was made on May 17, 2002.  
The 19th amendment was made on May 17, 2002.  
The 20th amendment was made on June 2, 2003.  
The 21st amendment was made on May 21, 2004.  
The 22nd amendment was made on June 17, 2005.  
The 23rd amendment was made on June 13, 2007.  
The 24th amendment was made on June 10, 2009.  
The 25th amendment was made on June 10, 2011.  
The 26th amendment was made on June 16, 2016.  
The 27th amendment was made on June 13, 2017.  
The 28th amendment was made on June 12, 2018.  
The 29th amendment was made on June 13, 2019.  
The 30th amendment was made on June 14, 2022.

PANJIT International Inc.  
Chairman: FANG, MING-CHING