

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Financial Statements and CPA
Review Report

First Quarter, 2022 and 2021

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CPA Review Report

To: TAIWAN PAIHO LIMITED

Foreword

We have reviewed the consolidated balance sheet on March 31, 2022 and March 31, 2021 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1 to March 31, 2022 and January 1 to March 31, 2021, and the notes to the consolidated financial statements (including the summary of significant accounting policies) of Taiwan Paiho Limited and Subsidiaries (hereinafter referred to as “Paiho Group”). It is the responsibility of the management to fairly present the consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 – “Interim Report” recognized and announced by Financial Supervisory Commission. Our responsibility is to make a conclusion on the consolidated financial reports based on the review results.

Scope

We conducted our review in accordance with the Statement of Auditing Standards No. 65 – Review of Financial Information Performed by the Independent Auditor of the Entity except those mentioned in Basis of Qualified Conclusion. The review procedure of the consolidated financial statement includes inquiry (mainly with the personnel charged with finance and accounting duties), analytic procedure, and other review procedures. As the scope of review is much smaller than an audit, we may not be able to detect all material items which could be detected in an audit. We therefore cannot present an audit opinion.

Basis of Qualified Conclusion

As stated in Note 12 to the Consolidated Financial Statements, the financial statements of some of the non-crucial subsidiaries included in the aforementioned consolidated financial statements covering the same period have not been audited. The total assets as of March 31, 2022 and March 31, 2021 amounted to NT\$3,135,452 thousand and NT\$3,260,353 thousand (New Taiwan Dollar, or NT\$, will be used all through this report), which both accounted for 10% of the consolidated total assets, respectively. The total liabilities amounted to NT\$1,568,457 thousand and NT\$1,385,745 thousand, or amounted to 9% and 7% of the total liabilities, respectively. The total

comprehensive income in the period of March 31, 2022 and March 31, 2021 and January 1 to March 31, 2022 and January 1 to March 31, 2021 amounted to NT\$105,717 thousand and NT\$75,848 thousand, or both accounted for 11% of the total comprehensive income, respectively.

Qualified Conclusion

Our review result indicated that nothing nonconforming to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Report” recognized and announced by the Financial Supervisory Commission was found in the compilation of the aforementioned consolidated financial statements, in all material aspects, by Taiwan Paiho Group except in circumstances that the consolidated financial statements shall be subject to adjustment if the financial statements of the non-crucial subsidiaries have been audited as stated in the section of the basis of qualified opinion, which may affect the fair presentation of the consolidated financial position of Taiwan Paiho Group as of March 31, 2022 and March 31, 2021, and the consolidated financial performance and consolidated cash flows of the group in the period of January 1 to March 31, 2022 and January 1 to March 31, 2021.

Deloitte & Touche

Taiwan

Shu-Ching Chiang, CPA

Ting-Chien Su, CPA

May 6, 2022

Notice to Readers

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail.

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022 and December 31 and March 31, 2021

(In Thousands of New Taiwan Dollars)

Code	Asset	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,441,101	11	\$ 3,531,290	12	\$ 5,320,394	16
1110	Financial assets at fair value through profit and loss – current (Note 7)	-	-	-	-	1,008,194	3
1136	Financial assets measured at amortized cost – current (Notes 9 and 29)	258,834	1	221,866	1	588,426	2
1150	Notes receivable (Note 10)	109,064	-	140,824	-	134,995	-
1170	Trade receivables (Note 10)	3,155,842	11	2,835,196	10	2,762,185	9
1200	Other receivables	292,502	1	347,011	1	541,963	2
1310	Inventories – manufacturing (Note 11)	3,174,875	11	3,035,641	11	2,469,822	8
1320	Inventories – constructing (Note 11)	3,110,142	10	2,756,659	10	3,675,030	11
1470	Other current assets (Note 17)	905,790	3	679,164	2	699,273	2
11XX	Total current assets	<u>14,448,150</u>	<u>48</u>	<u>13,547,651</u>	<u>47</u>	<u>17,200,282</u>	<u>53</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current (Note 8)	4,178	-	-	-	-	-
1535	Financial assets measured at amortized cost – non-current (Notes 9 and 29)	293,035	1	289,073	1	29,189	-
1600	Property, plant and equipment (Notes 13 and 29)	12,944,812	43	12,328,979	43	12,563,688	39
1755	Right-of-use assets (Notes 14 and 28)	1,459,377	5	1,463,606	5	1,536,440	5
1760	Investment property (Notes 14 and 15)	146,817	-	142,865	-	147,418	-
1805	Goodwill (Note 16)	196,830	1	191,041	1	204,663	1
1821	Other intangible assets	4,321	-	4,469	-	3,789	-
1840	Deferred tax assets (Notes 4 and 25)	304,952	1	354,358	1	274,560	1
1915	Prepayment for machinery and equipment	473,008	1	543,815	2	321,621	1
1995	Other non-current assets (Note 17)	81,099	-	70,005	-	65,630	-
15XX	Total non-current assets	<u>15,908,429</u>	<u>52</u>	<u>15,388,211</u>	<u>53</u>	<u>15,146,998</u>	<u>47</u>
1XXX	Total assets	<u>\$ 30,356,579</u>	<u>100</u>	<u>\$ 28,935,862</u>	<u>100</u>	<u>\$ 32,347,280</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2102	Short-term borrowings (Note 18)	\$ 3,674,233	12	\$ 2,863,774	10	\$ 5,539,256	17
2110	Short-term notes payable (Notes 18 and 29)	900,000	3	-	-	-	-
2130	Contractual liabilities – current (Notes 23 and 28)	1,190,557	4	998,329	3	2,570,959	8
2150	Notes payable	76,783	-	104,865	-	60,006	-
2170	Trade payables	918,653	3	882,034	3	1,262,823	4
2200	Other payables (Note 19)	2,490,511	8	1,659,901	6	2,130,357	7
2230	Current tax liabilities (Notes 4 and 25)	1,166,220	4	1,016,382	4	1,131,238	4
2280	Lease liabilities – current (Notes 14 and 28)	33,695	-	30,458	-	29,161	-
2320	Current portion of long-term borrowings (Notes 18 and 29)	499,081	2	576,310	2	1,392,056	4
2399	Other current liabilities	79,316	-	80,765	-	104,616	-
21XX	Total current liabilities	<u>11,029,049</u>	<u>36</u>	<u>8,212,818</u>	<u>28</u>	<u>14,220,472</u>	<u>44</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 18 and 29)	4,304,835	14	5,247,409	18	4,185,617	13
2570	Deferred tax liabilities (Notes 4 and 29)	1,480,297	5	1,384,016	5	1,334,157	4
2580	Lease liabilities – non-current (Notes 14 and 28)	52,036	-	96,613	1	106,302	1
2630	Deferred revenue – non-current	86,959	1	84,498	-	86,499	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 20)	253,205	1	266,100	1	276,827	1
2645	Guarantee deposits received	14,536	-	14,049	-	15,718	-
25XX	Total non-current liabilities	<u>6,191,868</u>	<u>21</u>	<u>7,092,685</u>	<u>25</u>	<u>6,005,120</u>	<u>19</u>
2XXX	Total liabilities	<u>17,220,917</u>	<u>57</u>	<u>15,305,503</u>	<u>53</u>	<u>20,225,592</u>	<u>63</u>
	Equity attributable to owners of the Corporation						
3110	Common stock	2,979,639	10	2,979,639	10	2,979,639	9
3200	Capital surplus	728,084	2	727,977	3	727,977	2
	Retained earnings						
3310	Legal reserve	1,640,637	5	1,640,637	6	1,487,627	5
3320	Special reserve	572,198	2	572,198	2	448,343	1
3350	Unappropriated earnings	4,998,191	17	5,577,139	19	4,425,970	14
3400	Other equity	(451,165)	(2)	(737,099)	(3)	(596,169)	(2)
31XX	Total equity attributable to owners of the Corporation	<u>10,467,584</u>	<u>34</u>	<u>10,760,491</u>	<u>37</u>	<u>9,473,387</u>	<u>29</u>
36XX	Non-controlling interests	<u>2,668,078</u>	<u>9</u>	<u>2,869,868</u>	<u>10</u>	<u>2,648,301</u>	<u>8</u>
3XXX	Total equity	<u>13,135,662</u>	<u>43</u>	<u>13,630,359</u>	<u>47</u>	<u>12,121,688</u>	<u>37</u>
	Total liabilities and equity	<u>\$ 30,356,579</u>	<u>100</u>	<u>\$ 28,935,862</u>	<u>100</u>	<u>\$ 32,347,280</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to the review report of Deloitte & Touche Taiwan on May 6, 2022)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2022 and 2021

(Reviewed only, not Audited in Accordance with GAAS)

(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
4000	Net sale (Note 23)	\$ 4,264,897	100	\$ 4,672,371	100
5000	Cost of goods sold (Notes 11, 23, 24 and 28)	<u>2,716,196</u>	<u>64</u>	<u>2,767,623</u>	<u>59</u>
5950	Gross profit	<u>1,548,701</u>	<u>36</u>	<u>1,904,748</u>	<u>41</u>
	Operating expense (Notes 24 and 28)				
6100	Sales and marketing expenses	382,528	9	347,831	8
6200	General and administrative expenses	211,596	5	203,596	4
6300	Research and development expenses	136,627	3	144,508	3
6450	Expected credit impairment loss (Note 10)	<u>36,260</u>	<u>1</u>	<u>19,501</u>	<u>1</u>
6000	Total operating expense	<u>767,011</u>	<u>18</u>	<u>715,436</u>	<u>16</u>
6900	Profit from operations	<u>781,690</u>	<u>18</u>	<u>1,189,312</u>	<u>25</u>
	Non-operating income and expenses				
7010	Subsidy revenue	2,206	-	3,291	-
7100	Interest income	7,722	-	28,207	1
7190	Other income	12,859	-	9,957	-
7510	Financial costs (Notes 24 and 28)	(34,855)	(1)	(36,119)	(1)
7590	Other expenses (Note 24)	(16,090)	-	(4,848)	-
7630	Net foreign exchange profit (loss) (Note 24)	<u>19,794</u>	<u>1</u>	<u>(1,994)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>(8,364)</u>	<u>-</u>	<u>(1,506)</u>	<u>-</u>
7900	Profit before income tax	773,326	18	1,187,806	25
7950	Income tax expense (Notes 4 and 25)	<u>239,413</u>	<u>5</u>	<u>417,003</u>	<u>9</u>
8200	Net profit for the period	<u>533,913</u>	<u>13</u>	<u>770,803</u>	<u>16</u>

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Code		January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 4,178	-	\$ -	-
		<u>4,178</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	461,783	11	(62,708)	(1)
8399	and income tax related to items likely to be reclassified to profit or loss (Notes 4 and 25)	(<u>70,440</u>)	(<u>2</u>)	<u>5,992</u>	<u>-</u>
		<u>391,343</u>	<u>9</u>	(<u>56,716</u>)	(<u>1</u>)
8300	Other comprehensive income (loss) for the period (net profit)	<u>395,521</u>	<u>9</u>	(<u>56,716</u>)	(<u>1</u>)
8500	Total comprehensive income for the period	<u>\$ 929,434</u>	<u>22</u>	<u>\$ 714,087</u>	<u>15</u>
	Net profit attributable to:				
8610	Owners of the Corporation	\$ 463,926	11	\$ 582,114	12
8620	Non-controlling interests	<u>69,987</u>	<u>2</u>	<u>188,689</u>	<u>4</u>
8600		<u>\$ 533,913</u>	<u>13</u>	<u>\$ 770,803</u>	<u>16</u>
	Total comprehensive income attributable to:				
8710	Owners of the Corporation	\$ 749,860	18	\$ 558,143	12
8720	Non-controlling interests	<u>179,574</u>	<u>4</u>	<u>155,944</u>	<u>3</u>
8700		<u>\$ 929,434</u>	<u>22</u>	<u>\$ 714,087</u>	<u>15</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 1.56</u>		<u>\$ 1.95</u>	
9850	Diluted	<u>\$ 1.55</u>		<u>\$ 1.95</u>	

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

(Refer to the review report of Deloitte & Touche Taiwan on May 6, 2022)

President: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
January 1 to March 31, 2022 and 2021
(Reviewed only, not Audited in Accordance with GAAS)
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Corporation												
		Capital Reserve (Note 22)				Other Equity (Note 22)								
						Retained Earnings (Note 22)								
		Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Disposal or Acquisition							Exchange Differences on Translating Foreign Operations	Unrealized Profit or Loss of Financial Assets at FVTOCI		Non-Controlling Interests	Total Equity	
Code		Common Stock (Note 22)	Premium from Stock		Donation Assets	Legal Reserve	Special Reserve	Unappropriated Earnings			Total			
A1	Balance on January 1, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 181	\$ 1,487,627	\$ 448,343	\$ 4,737,748	(\$ 542,523)	(\$ 29,675)	\$ 9,809,085	\$ 2,644,903	\$ 12,453,988	
C3	Donation from shareholders	-	-	-	51	-	-	-	-	-	51	-	51	
B5	Appropriation of 2020 earnings Cash dividend	-	-	-	-	-	-	(893,892)	-	-	(893,892)	-	(893,892)	
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(152,546)	(152,546)	
D1	Net profit from January 1 to March 31, 2021	-	-	-	-	-	-	582,114	-	-	582,114	188,689	770,803	
D3	Other comprehensive income (loss) from January 1 to March 31, 2021	-	-	-	-	-	-	-	(23,971)	-	(23,971)	(32,745)	(56,716)	
D5	Total comprehensive income (loss) January 1 to March 31, 2021	-	-	-	-	-	-	582,114	(23,971)	-	558,143	155,944	714,087	
Z1	Balance at March 31, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 232	\$ 1,487,627	\$ 448,343	\$ 4,425,970	(\$ 566,494)	(\$ 29,675)	\$ 9,473,387	\$ 2,648,301	\$ 12,121,688	
A1	Balance at January 1, 2022	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 232	\$ 1,640,637	\$ 572,198	\$ 5,577,139	(\$ 707,424)	(\$ 29,675)	\$ 10,760,491	\$ 2,869,868	\$ 13,630,359	
C3	Donation from shareholders	-	-	-	107	-	-	-	-	-	107	-	107	
B5	Appropriation of 2021 earnings Cash dividend	-	-	-	-	-	-	(1,042,874)	-	-	(1,042,874)	-	(1,042,874)	
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(381,364)	(381,364)	
D1	Net profit from January 1 to March 31, 2022	-	-	-	-	-	-	463,926	-	-	463,926	69,987	533,913	
D3	Other comprehensive income (loss) from January 1 to March 31, 2022	-	-	-	-	-	-	-	281,756	4,178	285,934	109,587	395,521	
D5	Total comprehensive income from January 1 to March 31, 2022	-	-	-	-	-	-	463,926	281,756	4,178	749,860	179,574	929,434	
Z1	Balance at March 31, 2022	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 339	\$ 1,640,637	\$ 572,198	\$ 4,998,191	(\$ 425,668)	(\$ 25,497)	\$ 10,467,584	\$ 2,668,078	\$ 13,135,662	

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

(Refer to the review report of Deloitte & Touche Taiwan on May 6, 2022)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
January 1 to March 31, 2022 and 2021
(Reviewed only, not Audited in Accordance with GAAS)
(In Thousands of New Taiwan Dollars)

Code		January 1 to March 31, 2022	January 1 to March 31, 2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 773,326	\$ 1,187,806
A20010	Incomes and expense items:		
A20100	Depreciation expense	330,468	316,567
A20200	Amortization expense	260	130
A20300	Expected credit loss recognized on trade receivables	36,260	19,501
A20900	Finance costs	34,855	36,119
A21200	Interest income	(7,722)	(28,207)
A22500	Loss on disposal of property, plant and equipment	317	13
A23700	Impairment loss recognized on non-financial assets	42,930	33,669
A24100	Unrealized foreign currency exchange loss (profit), net	(3,618)	6,105
A29900	Others	2,550	(668)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	-	(371,626)
A31130	Notes receivable	32,616	44,073
A31150	Trade receivables	(264,614)	(295,936)
A31180	Other receivables	(19,354)	(61,810)
A31200	Inventories – manufacturing	(92,374)	(255,512)
A31200	Inventories – constructing	(265,355)	(542,178)
A31240	Other current assets	(118,994)	(28,117)
A32125	Contractual liabilities	192,227	(717,813)
A32130	Notes payable	(28,082)	(1,195)
A32150	Trade payables	6,327	631,881
A32180	Other payables	(605,046)	(481,492)
A32230	Other current liabilities	(59,227)	52,438
A32240	Net defined benefit liabilities	(15,896)	(5,792)
A33000	Cash used in operations	(28,146)	(462,044)
A33100	Interest received	7,722	28,207
A33300	Interest paid	(30,022)	(38,869)
A33500	Income tax paid	(52,524)	(74,196)
AAAA	Net cash used in operating activities	(102,970)	(546,902)

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Code		January 1 to March 31, 2022	January 1 to March 31, 2021
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 841,976)	(\$ 1,451,085)
B00050	Proceeds from disposal of financial assets at amortized cost	804,953	1,571,728
B02700	Payments for property, plant and equipment	(328,429)	(157,039)
B02800	Proceeds from disposal of property, plant and equipment	1,212	551
B03700	Increase in refundable deposit	(2,653)	(11,573)
B04500	Procurement of intangible assets	-	(879)
B06700	Increase of other non-current assets	(7,607)	(4,458)
B07100	Increase of prepayment for machinery and equipment	(<u>137,314</u>)	(<u>101,346</u>)
BBBB	Net cash used in investing activities	(<u>511,814</u>)	(<u>154,101</u>)
	Cash flow from financing activities		
C00100	Proceeds from short-term borrowings	704,034	1,542,795
C00500	Proceeds from short-term notes payable	900,000	-
C01600	Proceeds from long-term borrowings	219,596	635,678
C01700	Repayments of long-term loans from banks	(1,386,024)	(2,097,323)
C03000	Proceeds from (repayments of) guarantee deposits received	9	(1,367)
C04020	Repayment of the principal portion of lease liabilities	(7,908)	(6,820)
C09900	Overdue dividend	<u>107</u>	<u>51</u>
CCCC	Net cash generated from financing activities	<u>429,814</u>	<u>73,014</u>
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>94,781</u>	(<u>40,198</u>)
EEEE	Net decrease in cash and cash equivalents	(90,189)	(668,187)
E00100	Cash and cash equivalents at the beginning of the period	<u>3,531,290</u>	<u>5,988,581</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 3,441,101</u>	<u>\$ 5,320,394</u>

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

(Refer to the review report of Deloitte & Touche Taiwan on May 6, 2022)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

January 1 to March 31, 2022 and 2021

(Reviewed only, not Audited in Accordance with GAAS)

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

I. General Information

Taiwan Paiho Limited (hereinafter referred to as “the Corporation”) was incorporated in January 1985. It manufactures and sells touch fasteners, webbing, shoelaces, elastic, easy tape and relevant peripheral materials as well as the sale of residential buildings constructed by entrusted construction contractors.

The Corporation was approved to list its stock at Taiwan Stock Exchange (TWSE) for trading in January 2001.

This consolidated financial statements is expressed by the functional currency of the Corporation, which is NTD.

II. Approval of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on May 6, 2022.

III. Application of New, Amended and Revised Standards and Interpretations

- (I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

(II) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 12, Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(IV) Other significant accounting policies

Refer to note to significant accounting policies contained in the 2021 Consolidated Financial Statements further to the explanation specified below.

1. Retirement benefits

The pension cost in the interim period is based on the pension cost rate under actuarial decision on the last day of the previous period from the beginning to the ending of the period in calculation. Adjustment has been made at one time with significant market fluctuation, major revision of the plan, settlement or other materiality considered.

2. Income tax

The income tax expense is the sum of the income tax and deferred income tax of the period. The income tax in the interim period is assessed on the basis of the whole fiscal year at the expected tax rate applicable to the total earnings of the year and at the earnings before taxation in the interim period in calculation.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. For other-related information, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2021.

VI. Cash and Cash Equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Petty cash and cash on hand	\$ 47,050	\$ 78,142	\$ 31,297
Checking accounts and demand deposits	1,904,600	1,693,244	2,363,822
Cash equivalents (deposit accounts with original maturities of 3 months or less)	<u>1,489,451</u>	<u>1,759,904</u>	<u>2,925,275</u>
	<u>\$ 3,441,101</u>	<u>\$ 3,531,290</u>	<u>\$ 5,320,394</u>

VII. Financial Instruments at Fair Value through Profit or Loss (FVTPL) – Current

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets mandatorily classified as at FVTPL			
Non derivative financial assets			
- Structured deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,194</u>

VIII. Financial Assets at Fair Value through Other Comprehensive Income – Non-Current

Equity instrument investment

Name of Investee	March 31, 2022	December 31, 2021	March 31, 2021
<u>Foreign unlisted ordinary shares</u>			
Hong Kong Leader Elastic Limited	<u>\$ 4,178</u>	<u>\$ -</u>	<u>\$ -</u>

The Group invested in Hong Kong Leader Elastic Limited under its long-term strategic objective and makes profit from long-term investment. The management holds that if the short-term fluctuation of fair value of the investment was recognized as income, it will be discrepant with the long-term investment plan. Therefore, the investment was chosen as financial asset at fair value through other comprehensive profit and loss in measurement.

IX. Financial Assets at Amortized Cost

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Current</u>			
Restricted deposits	\$ <u>258,834</u>	\$ <u>221,866</u>	\$ <u>588,426</u>
<u>Non-current</u>			
Restricted deposits	\$ <u>293,035</u>	\$ <u>289,073</u>	\$ <u>29,189</u>

For information on pledged financial assets at amortized cost, refer to Note 29.

X. Notes Receivable and Trade Receivables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Notes receivable</u>			
at amortized cost	\$ <u>109,064</u>	\$ <u>140,824</u>	\$ <u>134,995</u>
<u>Trade receivables</u>			
at amortized cost			
Gross carrying amount	\$ 3,343,417	\$ 2,981,500	\$ 2,915,450
Less: allowance for impairment loss	(<u>187,575</u>)	(<u>146,304</u>)	(<u>153,265</u>)
	\$ <u>3,155,842</u>	\$ <u>2,835,196</u>	\$ <u>2,762,185</u>

The average credit period of sales of goods was 30 to 90 days. No interest was charged on trade receivables. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for general economic conditions of the industry in which the customer operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date, and by distinguishing different risk groups, setting expected credit loss rate for each group.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group does not have overdue notes receivable. The following table details the loss allowance of trade receivables:

	0-90 Days	91-120 Days	121-150 Days	151-180 Days	More than 181 Days	Total
<u>March 31, 2022</u>						
Expected credit loss rate	1-4%	1-20%	1-40%	1-80%	1-100%	
Gross carrying amount	\$2,903,042	\$ 246,035	\$ 114,774	\$ 29,962	\$ 49,604	\$3,343,417
Loss allowance (Lifetime ECLs)	(43,288)	(39,327)	(39,786)	(22,271)	(42,903)	(187,575)
Amortized cost	<u>\$2,859,754</u>	<u>\$ 206,708</u>	<u>\$ 74,988</u>	<u>\$ 7,691</u>	<u>\$ 6,701</u>	<u>\$3,155,842</u>
<u>December 31, 2021</u>						
Expected credit loss rate	1-4%	1-20%	1-40%	1-80%	1-100%	
Gross carrying amount	\$2,648,533	\$ 174,675	\$ 73,745	\$ 36,517	\$ 48,030	\$2,981,500
Loss allowance (Lifetime ECLs)	(35,111)	(25,862)	(22,870)	(25,227)	(37,234)	(146,304)
Amortized cost	<u>\$2,613,422</u>	<u>\$ 148,813</u>	<u>\$ 50,875</u>	<u>\$ 11,290</u>	<u>\$ 10,796</u>	<u>\$2,835,196</u>
<u>March 31, 2021</u>						
Expected credit loss rate	1-4%	1-20%	1-40%	1-80%	1-100%	
Gross carrying amount	\$2,593,027	\$ 167,946	\$ 77,814	\$ 28,729	\$ 47,934	\$2,915,450
Loss allowance (Lifetime ECLs)	(36,035)	(31,722)	(28,476)	(21,279)	(35,753)	(153,265)
Amortized cost	<u>\$2,556,992</u>	<u>\$ 136,224</u>	<u>\$ 49,338</u>	<u>\$ 7,450</u>	<u>\$ 12,181</u>	<u>\$2,762,185</u>

The movements of the loss allowance of trade receivables were as follows:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Balance at January 1	\$ 146,304	\$ 134,315
Add: Net remeasurement of loss allowance	36,260	19,501
Less: Amounts written off	(212)	(44)
Foreign exchange gains and losses	<u>5,223</u>	<u>(507)</u>
Balance at March 31	<u>\$ 187,575</u>	<u>\$ 153,265</u>

XI. Inventories

(I) Manufacturing

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 1,208,849	\$ 1,205,360	\$ 876,222
Work in progress	764,113	634,134	485,071
Raw materials and supplies	1,106,526	1,096,277	1,003,582
Inventory in transit	<u>95,387</u>	<u>99,870</u>	<u>104,947</u>
	<u>\$ 3,174,875</u>	<u>\$ 3,035,641</u>	<u>\$ 2,469,822</u>

The cost of inventories recognized as cost of goods sold from January 1 to March 31, 2022 and 2021 was NT\$2,573,853 thousand, and NT\$2,215,618 thousand, respectively. The cost of goods sold included inventory write-downs of NT\$40,726 thousand, and NT\$33,669 thousand, respectively.

(II) Construction industry

	March 31, 2022	December 31, 2021	March 31, 2021
Construction under development	\$ 2,309,687	\$ 1,867,336	\$ 1,178,277
Construction to be sold	<u>800,455</u>	<u>889,323</u>	<u>2,496,753</u>
	<u>\$ 3,110,142</u>	<u>\$ 2,756,659</u>	<u>\$ 3,675,030</u>

Construction under development

Location	Project Name	Expected Date of Completion	March 31, 2022	December 31, 2021	March 31, 2021
Xishan District, Wuxi	Paiho Business Plaza	2022	<u>\$2,309,687</u>	<u>\$1,867,336</u>	<u>\$1,178,277</u>

Construction to be sold

Location	Project Name	March 31, 2022	December 31, 2021	March 31, 2021
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 327,713	\$ 330,057	\$ 335,900
	Paiho International Mansion - Season Two	<u>472,742</u>	<u>559,266</u>	<u>2,160,853</u>
		<u>\$ 800,455</u>	<u>\$ 889,323</u>	<u>\$ 2,496,753</u>

The cost of inventories recognized as cost of real estate sold from January 1 to March 31, 2022 and 2021 was NT\$142,343 thousand, and NT\$552,005 thousand, respectively.

XII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

Investee	Subsidiary	Nature of Activities	Percentage of Ownership (%)			
			March 31, 2022	December 31, 2021	March 31, 2021	Note
The Corporation	Paiho Int'l Limited	International investment	100	100	100	10
	Paiho Group Inc.	International investment	100	100	100	-
	PT. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	99	99	99	-
	Paiho North America Corporation	Sales of touch fasteners and various type of webbings	100	100	100	-
	Spring Rich Limited	Extra processing of webbings	100	100	100	-
Paiho Int'l Limited	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	33	33	33	10
	Paiho Shih Holdings Corporation	International investment	52	52	52	10
	Dongguan Paiho Business Service Co., Ltd.	Non-residential property leasing	100	100	100	8
	He Mei Xing Ye Company Ltd.	International investment	100	100	100	10
	Zhong Yuan Xing Ye Company Ltd.	International trading	100	100	100	-
	PT. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	1	1	1	-
	Wuxi Paiho Textile Co., Ltd.	Processing of touch fasteners, webbing and embroidery	-	-	4	2.9. 10
	Hong Kong Antex Limited	International investment	100	100	100	10
	Pai Lon International Trading Limited	International trading	-	100	100	5.10
	Hon Shin Corp.	Internal investment and trading	100	100	100	10
Paiho Shih Holdings Corporation	Taiwan Pailon Biotechnology Co., Ltd.	Production and sales of masks and non-woven fabrics	-	-	100	1.10
	Hong Kong Antex Limited	Processing of touch fasteners, webbing and embroidery	99.99	99.99	93	2.10
	Dongguan Paihong Industry Co., Ltd.	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	-	-	34	2.10
	Wuxi Paiwei Biotechnology Co., Ltd.	Production and sales of masks and non-woven fabrics	100	100	-	2.10
Hong Kong Antex Limited	Wuxi Paiho Textile Co., Ltd.	Processing of touch fasteners, webbing and embroidery	99.99	99.99	93	2.10
	Dongguan Paihong Industry Co., Ltd.	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	-	-	34	2.10
Wuxi Paiho Textile Co., Ltd.	Dongguan Paihong Industry Co., Ltd.	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	100	100	66	2.10
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration	100	100	100	10

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Investee	Subsidiary	Nature of Activities	Percentage of Ownership (%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
	Wuxi Paiwei Biotechnology Co., Ltd.	Production and sales of masks and non-woven fabrics	-	-	100	2.10
	Shanghai Best Expectation Textile Trading Limited	Internal investment and trading	100	100	-	3.10
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Internal investment and trading	-	-	-	4.10
Hon Shin Corp.	Vietnam Paihong Limited Company	Production and sale of mesh and other fabrics.	100	100	100	10
He Mei Xing Ye Company Ltd.	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	67	67	67	10
Paiho Group Inc.	Paiho Holdings Limited	International investment	100	100	100	-
Paiho Holdings Limited	Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	25	25	25	-
	China Star International Limited	Production & marketing of powder coating	100	100	100	-
	Braits Company Limited	International investment	100	100	100	-
Braits Company Limited	Wuxi Paisen Commerce Co., Ltd.	Non-residential property leasing	100	100	100	7
Wuxi Paisen Commerce Co., Ltd.	Wuxi Paiho Textile Co., Limited	Processing of touch fasteners, webbing and embroidery	-	-	3	2.9. 10
	Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	75	75	-	6
China Star International Limited	Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	-	-	75	6

Note 1: Liquidation of Taiwan Pai Lon Biotechnology Co., Ltd. has completed on October 08, 2021.

Note 2: The Corporation adjusted its group investment structure in China in 2021: Hong Kong Antex Limited acquired 4.2% and 2.59% shareholding of Wuxi Paiho Textile Co., Limited from Paiho Int'l limited and Wuxi Paisen Commerce Co., Ltd., respectively. Hong Kong Antex Limited acquired 100% shareholding of Wuxi Paiwei Biotechnology Co. Ltd. from Wuxi Paiho Textile Co., Limited. And Wuxi Paiho Textile Co., Limited acquired 34% shareholding of Dongguan Paihong Industry Co., Ltd from Hong Kong Antex Limited.

Note 3: Shanghai Best Expectation Textile Trading Limited was established in December 2021 and has no operational activities.

Note 4: Hong Kong Best Expectation International Trading Limited completed its registration in December 2021 and had not invested capital until the balance sheet date.

Note 5: The board of directors of Paiho Shih Holdings Corporation resolved to dissolve and liquidate Pai Lon International Trading Limited in November 2021, and the liquidation was completed in February 2022.

Note 6: To adjust the investment structure in China in 2021: 75% shareholding of Dongguan Paiho Powder Coating Co., Ltd. was sold by China Star International Limited to Wuxi Paisen Commerce Co., Ltd.

Note 7: Wuxi Paisem Chemical Fibre Co., Ltd. was renamed to Wuxi Paisen Commerce Co., Ltd. in 2021.

Note 8: Through a board resolution in 2021, Dongguan Paiho Textile Limited was renamed to Dongguan Paiho Business Service Co., Ltd with the necessary procedures with the regulatory agency completed in January 2022.

Note 9: Wuxi Paiho Textile Co., Limited changed its company name to Thomas Dynamic Material (Jiangsu) Co., Ltd. with the approval of the shareholders in their meeting on April 15, 2022.

Note 10 : It is prepared in accordance with the financial statements reviewed by CPAs, and the rest are prepared in accordance with the financial statements not reviewed by CPAs.

The reinvestment structure as of March 31, 2022 and 2021 is shown in Tables 11 and 12.

See Tables 8 and 9 for the information on places of incorporation and principal places of business for each subsidiary.

(II) Details of subsidiaries that have material non-controlling interests

Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	March 31, 2022	December 31, 2021	March 31, 2021
Paiho Shih Holdings Corporation and subsidiaries	48%	48%	48%

Name of Subsidiary	Profit (loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	January 1 to March 31, 2022	January 1 to March 31, 2021	March 31, 2022	December 31, 2021	March 31, 2021
Paiho Shih Holdings Corporation and subsidiaries	<u>\$ 69,987</u>	<u>\$ 188,689</u>	<u>\$2,668,078</u>	<u>\$2,869,868</u>	<u>\$2,648,301</u>

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 8,162,587	\$ 7,805,473	\$ 11,645,451
Non-current assets	7,890,772	7,402,760	7,174,860
Current liabilities	(6,128,466)	(5,010,565)	(9,013,042)
Non-current liabilities	(<u>4,412,995</u>)	(<u>4,269,084</u>)	(<u>3,829,041</u>)
Equity	<u>\$ 5,511,898</u>	<u>\$ 5,928,584</u>	<u>\$ 5,978,228</u>

Equity attributed to:

Owners of Paiho Shih Holdings Corporation	\$ 2,843,820	\$ 3,058,716	\$ 3,329,927
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>2,668,078</u>	<u>2,869,868</u>	<u>2,648,301</u>
	<u>\$ 5,511,898</u>	<u>\$ 5,928,584</u>	<u>\$ 5,978,228</u>

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue	<u>\$ 1,887,341</u>	<u>\$ 2,457,671</u>
Net profit for the period	\$ 144,581	\$ 416,966
Other comprehensive income (loss)	<u>226,678</u>	(<u>71,274</u>)
Total comprehensive income	<u>\$ 371,259</u>	<u>\$ 345,692</u>
Net profit attributable to:		
Owners of Paiho Shih Holdings Corporation	\$ 74,594	\$ 228,277
Non-controlling interests of Paiho Shih Holdings Corporation's subsidiaries	<u>69,987</u>	<u>188,689</u>
	<u>\$ 144,581</u>	<u>\$ 416,966</u>
Total comprehensive income attributed to:		
Owners of Paiho Shih Holdings Corporation	\$ 191,685	\$ 189,748
Non-controlling interests of Paiho Shih Holdings Corporation's subsidiaries	<u>179,574</u>	<u>155,944</u>
	<u>\$ 371,259</u>	<u>\$ 345,692</u>
Cash flow		
Operating activities	(\$ 451,268)	(\$ 953,956)
Investing activities	(402,954)	(124,626)
Financing activities	<u>422,171</u>	<u>242,687</u>
Net cash inflow (outflow)	(<u>\$ 432,051</u>)	(<u>\$ 835,895</u>)

XIII. Property, Plant and Equipment

<u>January 1 to March 31, 2022</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Disposals</u>	<u>Reclassified Amount</u>	<u>Net Exchange Translation Adjustments</u>	<u>Ending Balance</u>
<u>Cost</u>						
Land	\$ 577,902	\$ -	\$ -	\$ -	\$ 2,544	\$ 580,446
Buildings	7,835,714	4,208	(19,106)	426,872	242,941	8,490,629
Machinery and equipment	8,431,542	11,104	(157,218)	125,891	248,064	8,659,383
Transportation equipment	283,063	2,776	(7,719)	2,222	8,047	288,389
Miscellaneous equipment	872,550	13,417	(6,055)	83,822	31,955	995,689
Construction in progress	<u>1,105,810</u>	<u>330,535</u>	<u>-</u>	<u>(417,809)</u>	<u>15,165</u>	<u>1,033,701</u>
Total cost	<u>19,106,581</u>	<u>\$ 362,040</u>	<u>(\$ 190,098)</u>	<u>\$ 220,998</u>	<u>\$ 548,716</u>	<u>20,048,237</u>
<u>Accumulated depreciation</u>						
Buildings	1,962,636	\$ 85,212	(\$ 19,106)	\$ -	\$ 61,474	2,090,216
Machinery and equipment	4,078,628	193,279	(156,626)	-	114,570	4,229,851
Transportation equipment	154,968	7,155	(7,067)	-	4,464	159,520
Miscellaneous equipment	<u>581,370</u>	<u>25,559</u>	<u>(5,770)</u>	<u>-</u>	<u>20,424</u>	<u>621,583</u>
Total accumulated depreciation	<u>6,777,602</u>	<u>\$ 311,205</u>	<u>(\$ 188,569)</u>	<u>\$ -</u>	<u>\$ 200,932</u>	<u>7,101,170</u>
<u>Accumulated impairment</u>						
Buildings	-	\$ 2,204	\$ -	\$ -	\$ 51	2,255
Property, plant and equipment	<u>\$12,328,979</u>					<u>\$12,944,812</u>
<u>January 1 to March 31, 2021</u>						
<u>Cost</u>						
Land	\$ 578,056	\$ -	\$ -	\$ 2,000	\$ 148	\$ 580,204
Buildings	7,498,220	6,381	(15,432)	155,360	(1,792)	7,642,737
Machinery and equipment	8,303,863	47,500	(3,025)	73,900	(9,526)	8,412,712
Transportation equipment	276,572	5,144	(2,777)	2,059	(389)	280,609
Miscellaneous equipment	824,261	3,632	(10,821)	(6,610)	(3,202)	807,260
Construction in progress	<u>1,159,586</u>	<u>80,214</u>	<u>-</u>	<u>(121,650)</u>	<u>(1,780)</u>	<u>1,116,370</u>
Total cost	<u>18,640,558</u>	<u>\$ 142,871</u>	<u>(\$ 32,055)</u>	<u>\$ 105,059</u>	<u>(\$ 16,541)</u>	<u>18,839,892</u>
<u>Accumulated depreciation</u>						
Buildings	1,715,855	\$ 76,048	(\$ 15,432)	\$ -	(\$ 5,725)	1,770,746
Machinery equipment	3,599,270	187,571	(3,013)	1,972	(14,363)	3,771,437
Transportation equipment	151,723	7,292	(2,267)	-	(333)	156,415
Miscellaneous equipment	<u>566,361</u>	<u>26,725</u>	<u>(10,779)</u>	<u>(1,972)</u>	<u>(2,729)</u>	<u>577,606</u>
Total accumulated depreciation	<u>6,033,209</u>	<u>\$ 297,636</u>	<u>(\$ 31,491)</u>	<u>\$ -</u>	<u>(\$ 23,150)</u>	<u>6,276,204</u>
Property, plant and equipment	<u>\$12,607,349</u>					<u>\$ 12,563,688</u>

The Corporation is located in Hemei Town, Changhua County, with an area of 55 square meters in the Hemei section of land (recorded as self-owned land for NT\$264 thousand), 2,597 square meters in the Zhongxiao section of land (recorded as self-owned land for NT\$8,773 thousand), and 5,034 square meters in the Tiaoxing section of land (recorded as self-owned land for NT\$40,392 thousand). These are agricultural land temporarily registered in the names of others, with the Corporation as the right holder and establishment of a certificate of other rights which stipulates that the Corporation has the ownership of the land.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	5 to 60 years
Electromechanical	
power equipment	3 to 20 years
Engineering system	5 to 25 years
Others	3 to 10 years
Machinery and equipment	2 to 16 years
Transportation equipment	2 to 15 years
Miscellaneous equipment	2 to 35 years

Property, plant and equipment pledged as collateral for long-term borrowings are set out in Note 29.

XIV. Lease Agreements

(I) Right-of-use assets

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Carrying amounts			
Land	\$ 1,373,081	\$ 1,334,898	\$ 1,396,250
Buildings	84,879	127,137	138,004
Transportation equipment	<u>1,417</u>	<u>1,571</u>	<u>2,186</u>
	<u>\$ 1,459,377</u>	<u>\$ 1,463,606</u>	<u>\$ 1,536,440</u>
		<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Addition of right-of-use assets		<u>\$ 1,456</u>	<u>\$ 1,535</u>

	January 1 to March 31, 2022	January 1 to March 31, 2021
Depreciation charge of right-of-use assets		
Land	\$ 8,806	\$ 8,890
Buildings	8,719	8,314
Transportation equipment	<u>207</u>	<u>207</u>
	<u>\$ 17,732</u>	<u>\$ 17,411</u>

Except for the addition and depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group from January 1 to March 31, 2022 and 2021.

The land leased by the Group in Wuxi, mainland China has been sub-leased as an operating lease since 2014, and the relevant right-of-use assets are recorded as investment properties. Please refer to Note 15. The above-mentioned amount of right-of-use assets does not include right-of-use assets that meet the definition of investment properties.

(II) Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts of lease liabilities			
Current	<u>\$ 33,695</u>	<u>\$ 30,458</u>	<u>\$ 29,161</u>
Non-current	<u>\$ 52,036</u>	<u>\$ 96,613</u>	<u>\$ 106,302</u>

The discount rate ranges for lease liabilities are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	0.98%-5.00%	0.98%-5.00%	1.67%-5.00%
Transportation equipment	3.85%	3.85%	3.85%

(III) Important leases activities and terms

The Group has leased land and buildings for plants, offices, employee dormitories or operation production and warehousing. Lease terms range from 1–50 years. No right of first refusal is attached to such leased properties at the end of lease term.

(IV) Sublease

The sublease transactions of the Group are explained in Note 15.

(V) Other lease information

Lease arrangements under operating leases of the Group as lessor of investment properties are set out in Note 15.

	January 1 to March 31, 2022	January 1 to March 31, 2021
Expenses relating to short-term leases	<u>\$ 2,035</u>	<u>\$ 2,148</u>
Expenses relating to low-value asset leases	<u>\$ 4,208</u>	<u>\$ 5,106</u>
Total cash outflow from leasing activities.	<u>(\$ 14,347)</u>	<u>(\$ 15,308)</u>

No right-of-use assets and lease liabilities shall be recognized for buildings qualified for short-term lease and other equipment qualified for low-value asset when the Consolidated Company elects to apply recognition exemption.

XV. Investment Properties

<u>January 1 to March 31, 2022</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Net Exchange Translation Adjustment</u>	<u>Ending Balance</u>
<u>Cost</u>				
Completed investment properties	\$ 171,560	\$ -	\$ 6,626	\$ 178,186
Right-of-use assets	<u>16,033</u>	<u>-</u>	<u>619</u>	<u>16,652</u>
Total cost	<u>187,593</u>	<u>\$ -</u>	<u>\$ 7,245</u>	<u>194,838</u>
<u>Accumulated depreciation</u>				
Completed investment properties	43,543	\$ 1,431	\$ 1,714	46,688
Right-of-use assets	<u>1,185</u>	<u>100</u>	<u>48</u>	<u>1,333</u>
Total accumulated depreciation	<u>44,728</u>	<u>\$ 1,531</u>	<u>\$ 1,762</u>	<u>48,021</u>
Net amount of investment properties	<u>\$ 142,865</u>			<u>\$ 146,817</u>
<u>January 1 to March 31, 2021</u>				
<u>Cost</u>				
Completed investment properties	\$ 172,482	\$ -	(\$ 887)	\$ 171,595
Right-of-use assets	<u>16,119</u>	<u>-</u>	<u>(83)</u>	<u>16,036</u>
Total cost	<u>188,601</u>	<u>\$ -</u>	<u>(\$ 970)</u>	<u>187,631</u>
<u>Accumulated depreciation</u>				
Completed investment properties	38,112	\$ 1,420	(\$ 208)	39,324
Right-of-use assets	<u>794</u>	<u>100</u>	<u>(5)</u>	<u>889</u>
Total accumulated depreciation	<u>38,906</u>	<u>\$ 1,520</u>	<u>(\$ 213)</u>	<u>40,213</u>
Net amount of investment properties	<u>\$ 149,695</u>			<u>\$ 147,418</u>

Right-of-use assets classified as investment properties are the land in Wuxi, China, which the Group subleases under operating lease.

The term of the sublease of the investment properties is 7 years, with an option to extend for an additional 5 years. When the lessee exercises the option, the original contract is extended. The lessee does not have bargain purchase option to acquire the investment properties at the expiry of the lease period.

Lease payments that the Group will receive in the future for leasing investment properties under operating leases are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Year 1	\$ 17,406	\$ 16,780	\$ 16,780
Year 2	20,012	18,665	16,780
Year 3	20,012	19,293	19,293
Year 4	20,012	19,293	19,293
Year 5	-	4,823	19,293
	<u>\$ 77,442</u>	<u>\$ 78,854</u>	<u>\$ 91,439</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Completed investment properties	20 years
Right-of-use assets	50 years

The investment properties located at Wuxi, China, are the plant and land used for leasing. Because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available, the Group determined that the fair value of the investment properties is not reliably measurable.

XVI. Goodwill

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
<u>Cost</u>		
Balance at January 1	\$ 191,041	\$ 204,735
Effect of foreign currency exchange differences	<u>5,789</u>	(<u>72</u>)
Balance at March 31	<u>\$ 196,830</u>	<u>\$ 204,663</u>

XVII. Other Assets

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Current</u>			
Tax overpayment for offset with future tax payable	\$ 690,528	\$ 509,005	\$ 432,563
Prepayments	94,780	95,645	97,263
Prepaid expenses	74,422	33,401	72,573
Others	<u>46,060</u>	<u>41,113</u>	<u>96,874</u>
	<u>\$ 905,790</u>	<u>\$ 679,164</u>	<u>\$ 699,273</u>
<u>Non-current</u>			
Refundable deposits	\$ 54,829	\$ 51,547	\$ 35,166
Others	<u>26,270</u>	<u>18,458</u>	<u>30,464</u>
	<u>\$ 81,099</u>	<u>\$ 70,005</u>	<u>\$ 65,630</u>

XVII. Borrowings

(I) Short-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Line of credit borrowings	<u>\$ 3,674,233</u>	<u>\$ 2,863,774</u>	<u>\$ 5,539,256</u>
Line of credit borrowings (%)	0.70-4.05	0.71-4.05	0.76-2.95

(II) Short term notes payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Commercial paper payable	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ -</u>
Rate of interest per annum (%)	1.1	-	-

(III) Long-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Line of credit borrowings – from December 2022 to December 2026	\$ 4,568,354	\$ 4,624,644	\$ 4,378,199
Secured loans – from June 2022 to May 2024	<u>235,562</u>	<u>1,199,075</u>	<u>1,199,474</u>
	4,803,916	5,823,719	5,577,673
Less: Current portion	(<u>499,081</u>)	(<u>576,310</u>)	(<u>1,392,056</u>)
Long-term borrowings	<u>\$ 4,304,835</u>	<u>\$ 5,247,409</u>	<u>\$ 4,185,617</u>
<u>Rate of interest per annum</u>			
<u>(%)</u>			
Line of credit borrowings	0.70-3.75	0.70-3.75	0.74-1.75
Line of secured loans	2.20-3.06	1.79-2.71	1.79-2.40

Please refer to Note 29 for the details of long-term borrowings secured by the Group's assets.

The Corporation signed a syndicated loan of NT\$1.5 billion from financial institutions including Bank of Taiwan in July 2021 for the purpose of repaying loans from financial institutions and enriching the medium-term working capital. The validity period of the contract is 5 years. The credit line is divided into lines A and B: line A is a medium-term loan line of NT\$1.5 billion, and line B is NT\$900 million as the guarantee for the issuance of commercial promissory notes. The two lines share no more than the total credit line in force at that time, and can revolve within the term of the credit contract. According to the provisions of the loan contract, the Corporation shall achieve the following in the annual consolidated financial statements during the loan period:

1. The current ratio [current assets ÷ current liabilities] shall not be less than 100%;
2. The debt ratio [(total liabilities - advance real estate receipts (classified as contract liabilities - current)) / tangible net assets] shall be less than or equal to 180%;
3. The Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] shall be more than or equal to 4 times, and
4. The tangible net assets [total equity - intangible assets] not less than NT\$6 billion.

Furthermore, the Corporation cannot dispose any material assets or rights and repurchase stocks or reduce capital without the permissions of the creditor banks during the loan period.

In order to repay the loans, support overseas investment and provide sufficient operation funds, Paiho Shih Holdings Corporation obtained a syndicated loan with a credit line of US\$220 million from KGI Commercial Bank and multiple financial institutions in July 2021. According to the provisions of the loan contract, Paiho Shih Holdings Corporation shall achieve the following in the annual consolidated financial statements during the loan period:

1. The current ratio [current assets ÷ current liabilities minus advance real estate receipts (classified as contractual liabilities – current)] not less than 100%;
2. The debt ratio [total liabilities minus advance real estate receipts (classified as contractual liabilities – current) ÷ tangible net assets] not higher than 200%;
3. The interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 3 times and;
4. The tangible net assets [total equity - intangible assets] not less than NT\$3.5 billion.

Furthermore, Paiho Shih Holdings Corporation cannot dispose any material assets or rights and repurchase stocks or reduce capital without the permissions of the creditor banks during the loan period.

XIX. Other Payables

	March 31, 2022	December 31, 2021	March 31, 2021
Payable for dividend	\$ 1,424,238	\$ -	\$ 1,046,437
Payables for salaries and bonuses	491,539	975,498	501,769
Payables for compensation of employees and remuneration of directors	101,176	116,598	73,917
Payables for purchases of building and equipment	55,378	21,767	75,090
Payable for tax	18,558	20,958	22,259
Others	399,622	525,080	410,885
	<u>\$ 2,490,511</u>	<u>\$ 1,659,901</u>	<u>\$ 2,130,357</u>

XX. Retirement Benefit Plans

The pension expenses related to the defined benefit plans recognized from January 1 to March 31, 2022 and 2021 are based on the pension cost rates under actuarial decision on December 31, 2021 and 2020. The amounts are NT\$4,354 thousand and NT\$4,471 thousand, respectively.

XXI. Maturity Analysis of Assets and Liabilities

The current and non-current classifications of the Group's assets and liabilities relating to the construction business are based on the operating cycle. The amounts of assets and liabilities expected to be recovered or settled within 1 year and more than 1 year after the reporting period are as follows:

	Within 1 Year	After 1 Year	Total
<u>March 31, 2022</u>			
Asset			
Trade receivables	\$ 429	\$ -	\$ 429
Other receivables	17,001	-	17,001
Inventories – constructing	3,110,142	-	3,110,142
Other current assets	188,529	-	188,529
	<u>\$ 3,316,101</u>	<u>\$ -</u>	<u>\$ 3,316,101</u>
Liabilities			
Trade payables	\$ 259,437	\$ -	\$ 259,437
Other payables	30,947	-	30,947
Contractual liabilities	1,100,699	-	1,100,699
	<u>\$ 1,391,083</u>	<u>\$ -</u>	<u>\$ 1,391,083</u>
<u>December 31, 2021</u>			
Asset			
Trade receivables	\$ 439	\$ -	\$ 439
Other receivables	3,086	-	3,086
Inventories – constructing	2,756,659	-	2,756,659
Other current assets	126,713	-	126,713
	<u>\$ 2,886,897</u>	<u>\$ -</u>	<u>\$ 2,886,897</u>
Liabilities			
Trade payables	\$ 338,749	\$ -	\$ 338,749
Other payables	156,420	-	156,420
Contractual liabilities	954,748	-	954,748
	<u>\$ 1,449,917</u>	<u>\$ -</u>	<u>\$ 1,449,917</u>
<u>March 31, 2021</u>			
Asset			
Other receivables	\$ 4,996	\$ -	\$ 4,996
Inventories – constructing	2,496,753	1,178,277	3,675,030
Other current assets	308,712	-	308,712
	<u>\$ 2,810,461</u>	<u>\$ 1,178,277</u>	<u>\$ 3,988,738</u>
Liabilities			
Trade payables	\$ 743,002	\$ -	\$ 743,002
Other payables	27,884	-	27,884
Contractual liabilities	2,514,061	-	2,514,061
	<u>\$ 3,284,947</u>	<u>\$ -</u>	<u>\$ 3,284,947</u>

XXII. Equity

(I) Common stock

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Number of shares authorized (in thousands)	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>
Shares authorized	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>297,964</u>	<u>297,964</u>	<u>297,964</u>
Shares issued	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

(II) Capital surplus

The capital surplus which belongs to the premium of stock issuance, the difference between the actual price of the equity of the subsidiary acquired or disposed of and the book value, and donated assets can be used to make up for losses, and can also be used for cash distribution or share capital appropriation when the Company has no loss. For share capital appropriation, it is limited to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Corporation's Articles of Incorporation, if there are earnings in the Corporation's annual final accounts, the Corporation shall first pay taxes to make up for the accumulated loss over the years, and 10% shall be allocated as the legal reserve, and a special reserve shall be allocated or reversed in accordance with the regulations or the competent authority's requirement. If there is still a surplus, the balance shall be added to the accumulated undistributed earnings of the previous year, and the board of directors shall draft a distribution proposal accordingly. When new shares are to be issued for it, the decision shall be submitted to the shareholders' meeting for a resolution before distribution. When all or part of the Corporation's dividends and bonuses, legally distributable legal reserve and capital surplus are distributed in cash, in accordance with Item 5, Article 240 of the Company Act, the board of directors is authorized to make a resolution in a board meeting attended by more than two-thirds of the directors, with the approval of more than half of the attending directors obtained; the resolution shall be reported to the shareholders' meeting.

Please refer to Note 24(3) Remuneration of Employees and Directors for the distribution policy of remuneration for employees and directors which is stipulated in the Articles of Incorporation of the Corporation.

In addition, in accordance with the provisions of the Corporation's Articles of Incorporation that the dividend policy shall be in line with the overall environment and the characteristics of the mature industry, with consideration of the impact of future expansion of operations, capital requirements and taxation on the Corporation and shareholders, the Corporation's dividend distribution will be adjusted according to its profitability to maintain a stable growth of earnings per share; the dividend distribution ratio shall be no less than 25% of the current year's after-tax earnings after making up for the previous year's losses, the allocation of legal reserve, and the deduction of the other undistributed earnings of the current year. The cash dividend shall not be less than 15% of the total dividends, and the rest shall be paid in stocks.

The legal reserve shall be allocated until the balance reaches the total paid-in share capital of the Corporation. The legal reserve can be used to make up for losses. When the Corporation has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital can be allocated in cash in addition to being allocated to capital.

The appropriation of earnings of the Corporation for 2021 and 2020 are as follows, respectively:

	2021	2020
Legal reserve	<u>\$ 201,015</u>	<u>\$ 153,010</u>
Special reserve	<u>\$ 164,901</u>	<u>\$ 123,855</u>
Cash dividend	<u>\$ 1,042,874</u>	<u>\$ 893,892</u>
Cash dividend per share (NT\$)	\$ 3.5	\$ 3

Cash dividends mentioned above were resolved for distribution from the Board meetings on March 25, 2022 and March 24, 2021, respectively. 2020 earning distribution proposals have resolved by the general shareholders' meeting on July 8, 2021. Distributions for 2021 earnings are pending for resolution in the general shareholders' meeting on June 24, 2022.

(IV) Special reserve

The special reserve allocated for the conversion difference of the financial statements of foreign operating agencies (including subsidiaries) has been reversed based on the disposal ratio and due to the liquidation of the subsidiaries. When distributing the earnings, the difference between the net deduction of other shareholders' equity and

the special reserve stated in the first application of IFRSs should be added to the special reserve at the end of the reporting period. Reversal of the net deduction of other shareholders' equity may be appropriated when it is subsequently reverted.

XXIII. Revenue and Costs

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ 4,075,753	\$ 3,795,516
Revenue from sale of real estate	<u>189,144</u>	<u>876,855</u>
	<u>\$ 4,264,897</u>	<u>\$ 4,672,371</u>
Operating cost		
Cost of goods sold	\$ 2,573,853	\$ 2,215,618
Cost of real estate sold	<u>142,343</u>	<u>552,005</u>
	<u>\$ 2,716,196</u>	<u>\$ 2,767,623</u>

Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contractual liabilities – current			
Sales of real estate	\$ 1,100,699	\$ 954,748	\$ 2,514,061
Sale of goods	<u>89,858</u>	<u>43,581</u>	<u>56,898</u>
	<u>\$ 1,190,557</u>	<u>\$ 998,329</u>	<u>\$ 2,570,959</u>

XXIV. Net Profit from Continuing Operations

(I) Finance costs

	January 1 to March 31, 2022	January 1 to March 31, 2021
Interest on bank borrowings	\$ 33,774	\$ 34,788
Interest on lease liabilities	<u>1,081</u>	<u>1,331</u>
	<u>\$ 34,855</u>	<u>\$ 36,119</u>

Information about capitalized interest:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Capitalized interest amount	\$ 4,587	\$ 5,289
Capitalization rate (%)	1.79-2.34	1.79-2.22

(II) Employee benefit expenses, depreciation and amortization expenses

By Nature	Operating Costs	Operating Expenses and Non-operating Expenses	Total
<u>January 1 to March 31, 2022</u>			
Short-term employee benefits	\$ 498,171	\$ 429,299	\$ 927,470
Post-employment benefits			
Defined contribution plans	33,277	17,062	50,339
Defined benefit plans (Note 20)	312	4,042	4,354
Other employee benefits	39,419	16,058	55,477
Depreciation expenses	274,601	55,867	330,468
Amortization expenses	31	229	260
<u>January 1 to March 31, 2021</u>			
Short-term employee benefits	453,606	420,051	873,657
Post-employment benefits			
Defined contribution plans	29,403	15,336	44,739
Defined benefit plans (Note 20)	319	4,152	4,471
Other employee benefits	35,255	16,596	51,851
Depreciation expenses	253,937	62,630	316,567
Amortization expenses	-	130	130

(III) Employees' compensation and remuneration of directors

According to the articles of incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The remuneration of employees and directors estimated from January 1 to March 31, 2022 and 2021 are as follows:

	<u>January 1 to March 31, 2022</u>		<u>January 1 to March 31, 2021</u>	
	<u>Accrual Rate</u>	<u>Amount</u>	<u>Accrual Rate</u>	<u>Amount</u>
Employees' compensation	1.43%	\$ 9,055	1.00%	\$ 7,758
Remuneration of directors	0.92%	5,837	0.56%	4,397

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Corporation held its board meetings on March 25, 2022 and March 24, 2021. The actual amount of remuneration of employees and directors was different from the amount recognized in the annual consolidated financial report, and the differences were adjusted to the profit and loss for 2022 and 2021, respectively.

	<u>2021</u>		<u>2020</u>	
	<u>Employees' Compensation</u>	<u>Remuneration of Directors</u>	<u>Employees' Compensation</u>	<u>Remuneration of Directors</u>
Amount resolved in the board of directors' meetings	<u>\$ 36,220</u>	<u>\$ 23,347</u>	<u>\$ 27,288</u>	<u>\$ 17,589</u>
Amount recognized in annual financial statements	<u>\$ 36,372</u>	<u>\$ 23,458</u>	<u>\$ 27,367</u>	<u>\$ 17,654</u>

Information on the compensation of employee and remuneration of directors resolved by the board of directors for the period of 2022 and 2021 is available on the Market Observation Post System website of the TWSE.

(IV) Gains or losses on foreign currency exchange

	<u>January 1, to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Foreign exchange gains	\$ 39,249	\$ 26,642
Foreign exchange losses	(19,455)	(28,636)
Net gain (loss)	<u>\$ 19,794</u>	<u>(\$ 1,994)</u>

XXV. Income Taxes

(I) Major components of income tax expense recognized in profit or loss

	January 1 to March 31, 2022	January 1 to March 31, 2021
Current tax		
In respect of the current period	\$ 219,261	\$ 231,510
Adjustment for previous year	(47,660)	(30,449)
Land value increment tax	<u>2,880</u>	<u>46,539</u>
	174,481	247,600
Deferred tax		
In respect of the current period	<u>64,932</u>	<u>169,403</u>
Income tax expense recognized in profit or loss	<u>\$ 239,413</u>	<u>\$ 417,003</u>

(II) Income tax recognized in other comprehensive income

	January 1 to March 31, 2022	January 1 to March 31, 2021
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	<u>\$ 70,440</u>	(<u>\$ 5,992</u>)

(III) Income tax assessments

The tax filings for the Corporation and Spring Rich Limited as of the end of 2020 have been verified by the tax collection agency.

XXVI. Earnings per Share

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings per Share (NT\$)
<u>January 1 to March 31, 2022</u>			
Basic earnings per share			
Net Profit Attributable to Owners of the Corporation	\$ 463,926	297,964	<u>\$ 1.56</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>599</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 463,926</u>	<u>298,563</u>	<u>\$ 1.55</u>
<u>January 1 to March 31, 2021</u>			
Basic earnings per share			
Net Profit Attributable to Owners of the Corporation	\$ 582,114	297,964	<u>\$ 1.95</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>407</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 582,114</u>	<u>298,371</u>	<u>\$ 1.95</u>

The Group offered to settle compensation paid to employees in cash or shares; thus, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVII. Financial Instruments

(I) Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at other than fair value are close to their fair value or their fair value cannot be measured reliably.

(II) Fair value of financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Financial assets at FVTOCI</u>			
Investments in equity instruments			
– Foreign unlisted shares	\$ -	\$ -	\$ 4,178
 <u>December 31, 2021</u>			
<u>Financial assets at FVTOCI</u>			
Investments in equity instruments			
– Foreign unlisted shares	\$ -	\$ -	\$ -
 <u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Mandatorily classified as at FVTPL</u>			
Structured deposits	\$ -	\$ 1,008,194	\$ -
 <u>Financial assets at FVTOCI</u>			
Investments in equity instruments			
– Foreign unlisted shares	\$ -	\$ -	\$ -

From January 1 to March 31, 2022, there was no transfer of fair value measurement between level 1 and level 2.

2. Adjustments of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI – equity instruments

	January 1 to March 31, 2022
Beginning balance	\$ -
Recognition in other comprehensive income of unrealized gain/(loss) on financial assets at FVTOCI	<u>4,178</u>
Ending balance	<u>\$ 4,178</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Structured deposits	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(III) Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ -	\$ 1,008,194
Financial assets at amortized cost (Note 1)	7,605,207	7,416,807	9,412,318
Financial assets at FVTOCI	4,178	-	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	12,878,632	11,348,342	14,585,833

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted deposit, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings, finance lease payable, guarantee deposits received.

(IV) Financial risk management objective and policies

The Group's major financial instruments include trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(1) Foreign currency risk

The Corporation and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD, the RMB, the VND, and the HKD.

The following table details the Group's sensitivity to a 1% increase and decrease in functional currencies of the Group's entities against the USD, the VND, the RMB and the HKD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit with the functional currencies of the Group's entities strengthening 1% against the relevant currency. For a 1% weakening of the

functional currencies of the Group's entities against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

Currencies	Impact on Profit and Loss	
	January 1 to March 31, 2022	January 1 to March 31, 2021
USD	\$ 13,341	\$ 9,946
VND	21	1,204
RMB	674	526
HKD	196	323

The above impacts are mainly attributable to exposure on outstanding receivables, payables and borrowings in currency USD, RMB, VND, and HKD which were not hedged at the end of the reporting period.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Short-term borrowings	\$ 683,964	\$ 316,645	\$2,334,775
Short term notes payable	900,000	-	-
Lease liabilities	85,731	127,071	135,463
Interest rate risk on cash flow			
Short-term borrowings	2,990,269	2,547,129	3,204,481
Long-term borrowings (Including current portion)	4,803,916	5,823,719	5,577,673

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates of non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would have decreased/increased by NT\$4,871 thousand and NT\$5,489 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral.

In order to minimize credit risk, the Group had set up credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate allowances are made for irrecoverable amounts. In this regard, Group's believes the Group's credit risk was significantly reduced.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition,

management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, and March 31, 2021, the Group had available unutilized bank loan facilities of NT\$13,791,901 thousand, NT\$13,695,039 thousand and NT\$7,869,587 thousand, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods is based on the undiscounted cash flows (including both interest and principal cash flows) of financial liabilities from the earliest date on which the Group can be required to pay.

	Within 3 Months	3 Months to 1 Year	More than 1 Year
<u>March 31, 2022</u>			
Non- interest-bearing	\$ 845,028	\$ 2,638,572	\$ 16,883
Lease liabilities	9,447	26,438	58,171
Short-term			
borrowings	1,230,042	2,444,191	-
Short term notes			
payable	900,000	-	-
Long-term			
borrowings	<u>83,856</u>	<u>415,225</u>	<u>4,304,835</u>
	<u>\$ 3,068,373</u>	<u>\$ 5,524,426</u>	<u>\$ 4,379,889</u>
<u>December 31, 2021</u>			
Non- interest-bearing	\$ 2,469,519	\$ 174,969	\$ 16,361
Lease liabilities	8,728	25,762	107,437
Short-term			
borrowings	704,996	2,158,778	-
Long-term			
borrowings	<u>73,352</u>	<u>502,958</u>	<u>5,247,409</u>
	<u>\$ 3,256,595</u>	<u>\$ 2,862,467</u>	<u>\$ 5,371,207</u>
<u>March 31, 2021</u>			
Non- interest-bearing	\$ 1,897,778	\$ 1,555,408	\$ 15,718
Lease liabilities	8,289	25,329	121,799
Short-term			
borrowings	3,336,277	2,202,979	-
Long-term			
borrowings	<u>320,856</u>	<u>1,071,200</u>	<u>4,185,617</u>
	<u>\$ 5,563,200</u>	<u>\$ 4,854,916</u>	<u>\$ 4,323,134</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
<u>March 31, 2022</u>						
Lease liabilities	<u>\$35,885</u>	<u>\$34,736</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 9,035</u>
<u>December 31, 2021</u>						
Lease liabilities	<u>\$34,490</u>	<u>\$73,784</u>	<u>\$14,453</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 9,600</u>
<u>March 31, 2021</u>						
Lease liabilities	<u>\$33,618</u>	<u>\$80,182</u>	<u>\$21,697</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$10,320</u>

XXVIII. Transactions with Related Parties

Balances and transactions between the Corporation and its subsidiaries (which are related parties of the Corporation) have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

(I) Name of related party and relationship

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
A-Wei Cheng Chen	Other related parties
Cheng-Tsung Cheng	Other related parties
Huan-Tung Tseng	Other related parties
Mei-Ting Yang	Other related parties
Kuo-Chih Lai	Other related parties
Po-Hsun Huang	Other related parties

(II) Lease agreements

<u>Accounting Item Posted</u>	<u>Category/Name of Related Party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Lease liabilities	Other related parties	<u>\$ 22,485</u>	<u>\$ 22,630</u>	<u>\$ 23,063</u>
	<u>Category/Name of Related Party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>	
<u>Interest expense</u>				
Other related parties		<u>\$ 94</u>	<u>\$ 97</u>	
<u>Lease expenses (included in cost of goods sold and operating expense)</u>				
Other related parties		<u>\$ 446</u>	<u>\$ 500</u>	

The rental rate is based on the rental in the neighboring area, and is subject to agreement between the parties.

(III) Compensation of key management personnel

	January 1 to March 31, 2022	January 1 to March 31, 2021
Short-term employee benefits	\$ 38,888	\$ 40,849
Post-employment benefits	<u>110</u>	<u>69</u>
	<u>\$ 38,998</u>	<u>\$ 40,918</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIX. Assets Pledged as Collateral or for Security

The following assets were provided as collateral for long-term borrowings, guarantees, and Power Company:

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at amortized cost	\$ 10,040	\$ 9,830	\$ 16,256
Property, plant and equipment	<u>568,717</u>	<u>577,590</u>	<u>828,225</u>
	<u>\$ 578,757</u>	<u>\$ 587,420</u>	<u>\$ 844,481</u>

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except as mentioned in other notes, the significant commitments and contingencies of the Group on the balance sheet date are as follows:

(I) Unrecognized contractual commitments of the Group

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	<u>\$ 1,849,097</u>	<u>\$ 570,737</u>	<u>\$ 564,805</u>

(II) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had signed but not yet paid for construction contracts for approximately NT\$435,196 thousand, NT\$731,551 thousand and NT\$858,689 thousand, respectively.

- (III) As of March 31, 2022, the Group had signed contracts of presold real estate. Information is set out below.

Construction Project Name	Total Amount (Including Tax)	Amount Received
Paiho International Mansion	\$ 257,065	\$ 190,258
Paiho Business Plaza	927,561	910,441
	<u>\$ 1,184,626</u>	<u>\$ 1,100,699</u>

- (IV) The Corporation signed a 10-year technology sales contract with a non-related party in July 2008, and the Corporation obtained the expertise in the production of injection molded Velcro. According to the contract, the Corporation is required to pay a premium of US\$281 thousand each year, and an additional premium will be paid according to a certain percentage of the sales volume at the end of each year. The contract has been extended for another 10 years since the expiration in 2018.
- (V) The Shareholders' Meeting of the Corporation resolved in a special session dated September 2, 2010 for entering into the "Comprehensive Agreement on the Use of Trademarks and Patents, Sale Region Partitioning, and Related-Party Transactions" between the Corporation and Paiho Shih Holdings Corporation. Paiho Shih Holdings Corporation promised to purchase the equity shares issued by Paiho Europe, S.A. and the Paiho North America Corporation at fair value after listing at TWSE for trading or through its subsidiaries at the right time under the appraisal of professional institutions. In supporting the application of Paiho Shih Holdings Corporation for listing at TWSE, the Shareholders' Meeting of the Corporation resolved in regular session dated April 21, 2011 to amend the content of the above agreement in the aspects of the partition of sale regions and restriction of competition between the contracting parties. Affected by the poor operation environment, the Corporation has shut down its operation in Paiho Europe, S.A. As a result, Paiho Shih Holdings Corporation wrote to TWSE on February 27, 2014 informing that the subject company of the previous undertaking of "incorporating Paiho Europe, S.A. to the operation system" is no longer in existence and the aforementioned undertaking cannot be accomplished.
- (VI) Subsidiaries of the Group that are property developers in Mainland China sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons). The amount of mortgage loans was remitted to the subsidiaries of the Group as payment for the property sold. If a customer breaches a mortgage contract, the subsidiaries of the Group will return to the banks only the amount of mortgage received. Therefore, the Group is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public

Companies” (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by the subsidiaries of the Group to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

XXXI. Significant Assets and Liabilities Denominated in Foreign Currencies

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Financial Assets	March 31, 2022			December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollar	Foreign Currencies	Exchange Rate	New Taiwan Dollar
<u>Monetary items</u>						
USD	\$ 46,754	28.625	\$ 1,338,333	\$ 43,945	27.68	\$ 1,216,398
VND	96,849,880	0.00124	119,610	145,323,208	0.00120	173,661
RMB	14,965	4.506	67,432	14,547	4.344	63,192
HKD	6,431	3.656	23,512	8,588	3.549	30,479
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	147	28.625	4,208	5,935	27.68	164,281
VND	95,154,911	0.00124	117,516	112,876,010	0.00120	134,887
HKD	1,065	3.656	3,894	-	-	-

Financial Assets	March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollar
<u>Monetary items</u>			
USD	\$ 35,070	28.535	\$ 1,000,722
VND	237,297,049	0.00112	265,773
RMB	12,109	4.344	52,601
HKD	10,183	3.670	37,372
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	215	28.535	6,135
VND	129,840,431	0.00112	145,421
HKD	1,370	3.670	5,028

The Group mainly bears the foreign currency exchange rate risk for USD, RMB, VND and HKD assets. The following information is summarized and expressed in the functional currencies of the entities holding foreign currencies. The exchange rates disclosed are the exchange rates of converting these functional currencies into the expressing currency. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	January 1 to March 31, 2022		January 1 to March 31, 2021	
	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.406	(\$ 2,868)	4.376	\$ 10,181
NTD	1.00	28,990	1.000	(7,603)
USD	27.994	(6,337)	28.366	(2,834)
HKD	3.586	9	3.657	(1,738)
		<u>\$ 19,794</u>		<u>(\$ 1,994)</u>

XXXII. Separately Disclosed Items

(I) Information about significant transactions and Information about significant transactions and (II) investees:

1. Financing provided to others: See Table 1.
2. Endorsements/guarantees provided: See Table 2.
3. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): See Table 3.
4. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 4.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6.
9. Trading in derivative instruments: None.

10. Others: Intercompany relationships and significant intercompany transactions: See Table 7.

11. Information on investees: See Table 8.

(III) Information on investment in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9.

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 7.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: See Tables 5 and 7.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purpose: See Table 2.

(5) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds: See Tables 1, 6 and 7.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: See Table 7.

(IV) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 10.

XXXIII. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are Production, Powder Coating and Construction.

(I) Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	January 1 to March 31, 2022	January 1 to March 31, 2021	January 1 to March 31, 2022	January 1 to March 31, 2021
Production	\$ 4,042,244	\$ 3,753,382	\$ 782,133	\$ 895,454
Powder Coating	33,509	42,134	(6,293)	5,429
Construction	<u>189,144</u>	<u>876,855</u>	<u>5,850</u>	<u>288,429</u>
Total from continuing operations	<u>\$ 4,264,897</u>	<u>\$ 4,672,371</u>	781,690	1,189,312
Interest income			7,722	28,207
Other income and benefits			15,065	13,248
Net foreign currency exchange gain			19,794	(1,994)
Finance costs			(34,855)	(36,119)
Other expenses and losses			(<u>16,090</u>)	(<u>4,848</u>)
Profit before income tax			<u>\$ 773,326</u>	<u>\$ 1,187,806</u>

Segment profit represented the profit before tax earned by each segment without interest income, subsidy revenue, share of profit of associates accounted for using the equity method, net foreign exchange gain (loss), interest expense and income tax expense. This measured amount was reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(II) Total segment assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

Table 1

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Financing Provided to Others

January 1 to March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Lender	Borrower	Financial Statement Account	Related Parties or Not	Maximum Balance of the Current Period (Notes 4 and 6)	Balance at the End of the Period (Notes 5 and 6)	Actual Drawdown Amount (Notes 5 and 8)	Interest Rate Range	Nature of Lending (Note 7)	Business Transaction Amount	Reason for Necessary Short-Term Financing	Allowance for Impairment Loss	Collateral		Lending Limit of Individual Objects (Notes 1, 2 and 3)	Total Lending Limit (Notes 1, 2 and 3)
													Name	Value		
1	Paiho Int'l Limited	Vietnam Paiho Limited	Receivable from related parties	Y	\$ 549,227 (USD 19,125)	\$ 547,453 (USD 19,125)	\$ 318,453 (USD 11,125)	1.3%-3%	Necessary for long- and short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 6,361,747	\$ 6,361,747
		PT. Paiho Indonesia	Receivable from related parties	Y	91,305 (USD 3,000)	85,875 (USD 3,000)	85,875 (USD 3,000)	1.3%	Long-term financing needed	-	Operating capital	-	—	-	6,361,747	6,361,747
2	Dongguan Paihong Industry Co., Ltd.	Wuxi Paiho Textile Co. Limited	Receivable from related parties	Y	521,000 (RMB 120,000)	540,720 (RMB 120,000)	450,600 (RMB 100,000)	3.60%	Necessary for short-term financing	-	Operating capital	-	—	-	696,086	1,392,173
3	Wuxi Paiho Textile Co. Limited	Wuxi Paiwei Biotechnology Co. Ltd.	Receivable from related parties	Y	129,920 (RMB 30,000)	-	-	3.60%-4.35%	Necessary for short-term financing	-	Operating capital	-	—	-	1,184,091	2,368,182
4	Paiho Shih Holdings Corporation	Hon Shin Corp.	Receivable from related parties	Y	472,430 (USD 17,000)	486,625 (USD 17,000)	486,625 (USD 17,000)	3-month TAIEX rate, plus 1.15%	Necessary for short-term financing needed	-	Operating capital	-	—	-	2,371,197	2,371,197
		Vietnam Paihong Limited Company	Receivable from related parties	Y	1,077,945 (USD 38,000)	1,087,750 (USD 38,000)	772,875 (USD 27,000)	3-month USD Libor rate, plus 1.28% and 3-month USD TAIEX rate, plus 1.15%	Necessary for short-term financing needed	-	Operating capital	-	—	-	2,371,197	2,371,197
5	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivable from related parties	Y	162,885 (USD 5,288)	121,656 (USD 4,250)	121,656 (USD 4,250)	3-month USD Libor rate, plus 1.28% and 2.25%	Necessary for long- and short-term financing	-	Operating capital	-	—	-	1,713,421	1,713,421
6	Wuxi Paihong Real Estate Co., Ltd.	Wuxi Paiho Textile Co. Limited	Wuxi Paihong Real Estate Co., Ltd.	Y	434,000 (RMB 100,000)	315,420 (RMB 70,000)	315,420 (RMB 70,000)	3.60%	Necessary for short-term financing	-	Operating capital	-	—	-	515,064	1,030,128

Note 1: For borrowers with paid-in capital directly or indirectly owned over 50% by the Corporation and Paiho Shih Holdings Corporation, the individual amount for lending to a borrower shall not exceed the 20% of the borrowers' net worth. The total amount for lending shall not exceed 40% of the net worth of lender.

Note 2: The individual and total amount of lending to companies whose voting shares are 100% owned, directly or indirectly, by the Corporation and Paiho Shih Holdings Corporation shall not exceed 40% of the net worth of lender.

Note 3: For borrowers whose voting shares are 100% owned, directly or indirectly, by the Corporation and Paiho Shih Holdings Corporation, the individual and total amount of lending to a borrower shall not exceed the lender's net worth.

Note 4: The maximum amount was translated into New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 5: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 6: The ending balance amount has been approved by the board of directors.

Note 7: The restriction that the term of each loan for funding should not exceed one year shall not apply to inter-company loans for funding between offshore subsidiaries in which the Company and Paiho Shih Holdings Corporation holds, directly or indirectly, 100% of the voting shares.

Note 8: Significant intercompany accounts and transactions have been eliminated.

Table 2
TAIWAN PAIHO LIMITED AND SUBSIDIARIES
Endorsements/Guarantees for Others
January 1 to March 31, 2022
(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Name of Endorser/Guarantor	Object of Endorsement/Guarantee		Limit of Endorsement/Guarantee for a Single Enterprise (Note 2)	Highest Endorsement Guarantee Balance for the Current Period (Note 4)	Endorsement/Guarantee Balance at the End of the Period (Note 5)	Actual Drawdown Amount (Note 5)	Amount of Endorsement/Guarantee Secured by Assets	Ratio of Accumulated Endorsement/Guarantee Amount to Net Value in the Latest Financial Statement	Endorsement/Guarantee Limit (Note 3)	Endorsement/Guarantee by the Parent Company for the Subsidiary	Endorsement/Guarantee by the Subsidiary for the Parent Company	Endorsement/Guarantee for Companies in Mainland China
		Company Name	Relationship										
0	The Corporation	Paiho Int'l Limited	(Note 1)	\$ 10,760,491	\$ 83,475 (USD 3,000)	\$ 85,875 (USD 3,000)	\$ -	\$ -	0.80%	\$ 16,140,737	Y	—	—
		Zhong Yuan Xing Ye Company Ltd.	(Note 1)	10,760,491	27,825 (USD 1,000)	28,625 (USD 1,000)	-	-	0.27%	16,140,737	Y	—	—
		Pt. Paiho Indonesia	(Note 1)	10,760,491	2,192,955 (USD 78,000)	2,232,750 (USD 78,000)	958,938 (USD 33,500)	-	20.75%	16,140,737	Y	—	—
1	Paiho Shih Holdings Corporation	Hon Shin Corp.	(Note 1)	5,927,992	2,882,960 (USD 103,000)	1,889,250 (USD 66,000)	71,563 (USD 2,500)	-	31.87%	8,891,988	-	—	—
		Vietnam Paihong Limited Company	(Note 1)	5,927,992	4,700,020 (USD 166,000)	4,751,750 (USD 166,000)	2,545,163 (USD 88,914)	-	80.16%	8,891,988	-	—	—

Note 1: Holding more than 50% of the voting shares directly or indirectly.

Note 2: For the Corporation's endorsements and guarantees to a subsidiary with more than 50% of its voting shares held, and the endorsements and guarantees of Paiho Shih Holdings Corporation to an affiliated enterprise, the amount shall not exceed the net value of the Corporation and Paiho Shih Holdings Corporation, respectively, and the total amount shall not exceed the limit of total endorsements/guarantees.

Note 3: For the Corporation's endorsements/guarantees to subsidiaries with more than 50% of their voting shares held, and the endorsements/guarantees of Paiho Shih Holdings Corporation to affiliated enterprises, the total amount shall not exceed 150% of the net value of the Corporation and Paiho Shih Holdings Corporation, respectively.

Note 4: The highest New Taiwan dollar balance in the current period is calculated by multiplying the highest foreign currency balance of the month of occurrence by the exchange rate of New Taiwan dollar on the day of occurrence.

Note 5: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Table 3
 TAIWAN PAIHO LIMITED AND SUBSIDIARIES
 Marketable Securities Held
 March 31, 2022
 (In Thousands of New Taiwan Dollars)

Securities Holding Company	Type and Name of Marketable Securities	Relationship with Securities Issuer	Financial Statement Account	End of Period				Remark
				Number of Shares	Book Value (Notes 1 and 2)	Shareholding Ratio	Fair Value (Notes 1 and 2)	
Paiho Holdings Limited	<u>Equity</u> Hong Kong Leader Elastic Limited	—	Financial assets at FVTOCI – non-current	7,500,000	\$ 4,178	14.29%	\$ 4,178	

Note 1: If the figures in this table involve foreign currencies, they are converted into New Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: Please refer to Note 27 for fair value information.

Table 4

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Acquisition of Individual Real Estate at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital

January 1 to March 31, 2022

(In Thousands of Foreign Currency)

Acquiring Company	Asset Name	Transaction Date or Occurrence Date	Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party				Pricing Reference	Purpose of Acquisition	Other Agreements
							Owner	Relationship	Transfer Date	Amount			
Wuxi Paihong Real Estate Co., Ltd.	Construction in progress	September 8, 2021	RMB 90,000	As of March 31, 2022, RMB 71,351 has been paid	China Construction Dongfang Decoration Co., Ltd.	—	—	—	—	\$ -	Refer to market price and set out by mutual agreement	Operating purpose	—
Vietnam Paihong Limited Company	Construction in progress	March 26, 2022	VND 1,252,996,539	As of March 31, 2022, VND172,903,039 had been paid	NEWTECONS INVESTMENT CONSTRUCTION JOINT STOCK COMPANY	—	—	—	—	-	Refer to market price and set out by mutual agreement	Operating purpose	—

Note: The amount of transactions are according to the contracts.

Table 5

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital

January 1 to March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Buyer/Seller	Counterparty (Note 2)	Relationship	Transaction Situation				Situation and Reason why Transaction Terms are Different from Ordinary Transactions		Notes/Trade Receivables (Payable)		Remark
			Purchase/Sale	Amount (Note 2)	% to Total	Payment Terms	Unit Price	Payment Terms	Balance (Note 2)	Percentage of Total Notes and Trade Receivable (Payable)	
Vietnam Paihong Limited Company	Hon Shin Corp.	(Note 1)	(Sales)	\$ 162,109 (USD 5,791)	(74%)	About 3 months	Use market price	About 3 months	\$ 165,532 (USD 5,783)	80%	—

Note 1: Refer to Note 12 of the consolidated financial statements.

Note 2: Significant intercompany accounts and transactions have been eliminated.

Table 6

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital

March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party (Note 3)	Relationship	Ending Balance (Note 1)	Turnover Rate (Times)	Amount of Overdue Receivables from Related Parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Method of Treatment		
Paiho Int'l Limited	Vietnam Paiho Limited	(Note 2)	\$ 318,453 (USD 11,125)	-	\$ -	—	\$ 41,735 (USD 1,458)	\$ -
Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 2)	773,757 (USD 27,031)	-	-	—	-	-
	Hon Shin Corp.	(Note 2)	500,871 (USD 17,498)	-	-	—	2,519 (USD 88)	-
Dongguan Paihong Industry Co., Ltd.	Wuxi Paiho Textile Co. Limited	(Note 2)	456,630 (RMB 101,338)	2.64	-	—	2,938 (RMB 652)	-
Wuxi Paihong Real Estate Co., Ltd.	Wuxi Paiho Textile Co. Limited	(Note 2)	316,384 (RMB 70,214)	-	-	—	964 (RMB 214)	-
Hon Shin Corp.	Vietnam Paihong Limited Company	(Note 2)	124,575 (USD 4,352)	6.44	-	—	286 (USD 10)	-
Vietnam Paihong Limited Company	Hon Shin Corp.	(Note 2)	165,532 (USD 5,783)	4.6	-	—	-	-

Note 1: Including trade receivables, other receivables and receivables from related party.

Note 2: Refer to Note 12 of the consolidated financial statements.

Note 3: Significant intercompany accounts and transactions have been eliminated.

Table 7

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Intercompany Relationships and Significant Transactions

January 1 to March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Investee Company	Counterparty (Note 2)	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage of Consolidated Total Revenue or Total Assets (%)
0	The Corporation	Vietnam Paiho Limited	(1)	Sales	\$ 95,582	About 3 months	2
		Vietnam Paiho Limited	(1)	Cost of goods sold	21,944	About 3 months	1
		Wuxi Paiho Textile Co. Limited	(1)	Sales	41,240	About 3 months	1
		Dongguan Paihong Industry Co., Ltd.	(1)	Sales	31,510	About 3 months	1
		Zhong Yuan Xing Ye Company Ltd.	(1)	Sales	35,453	About 3 months	1
1	Paiho Int'l Limited	Vietnam Paiho Limited	(1)	Receivables - related parties	USD 11,125	—	1
2	Wuxi Paiho Textile Co. Limited	Dongguan Paihong Industry Co., Ltd.	(1)	Other payables	RMB 100,582	—	1
		Wuxi Paihong Real Estate Co., Ltd.	(1)	Other payables	RMB 70,214	—	1
3	Zhong Yuan Xing Ye Company Ltd.	PT. Paiho Indonesia	(3)	Sales	USD 2,728	About 3 months	2
4	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(1)	Receivables - related parties	USD 27,000	—	3
		Hon Shin Corp.	(1)	Receivables - related parties	USD 17,000	—	2
5	Hon Shin Corp.	Vietnam Paihong Limited Company	(1)	Trade payables	USD 5,783	About 3 months	1
		Vietnam Paihong Limited Company	(1)	Cost of goods sold	USD 5,791	About 3 months	4

Note 1: Relationship of investee to counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company; (3) subsidiary to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated.

Table 8

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Information on Investees

January 1 to March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Investee Company	Investee Company (Note 3)	Location	Main Businesses and Products	Original Investment Amount		Holding at the End of the Period			Profit (Loss) of the Investee in the Current Period	Profit /Loss Recognized in the Current Period (Note 3)	Remark
				March 31, 2022	December 31, 2021	Number of Shares	Ratio	Carrying Amount (Note 3)			
The Corporation	Paiho Int'l Limited	British Virgin Islands	International investment	\$ 511,213	\$ 511,213	14,368,564	100%	\$ 7,079,925	\$ 244,308	\$ 246,393	Subsidiary
	Paiho Group Inc.	British Virgin Islands	International investment	735,219	876,863	21,555,685	100%	833,877	(8,991)	(8,832)	Subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	536,266	536,266	178,200	99%	937,494	92,252	91,330	Subsidiary
	Paiho North America Corporation	California, USA	Sales of touch fasteners and various type of webbings	266,330	266,330	800,000	100%	203,419	4,966	4,966	Subsidiary
	Spring Rich Limited	Changhua County, Taiwan	Extra processing of webbings	3,000	3,000	-	100%	5,645	105	105	Subsidiary
	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacture and extra processing on touch fasteners and various type of webbings	358,776	358,776	-	33%	1,296,849	260,591	85,659	Indirect subsidiary of subsidiary
	Paiho Shih Holdings Corporation	British Cayman Islands	International investment	USD 22,869	USD 22,869	162,632,396	52%	2,876,448	144,560	(Note 1)	Indirect subsidiary
	He Mei Xing Ye Company Ltd.	British Samoa	International investment	USD 16,263	USD 16,263	23,636,140	100%	2,648,086	174,670	(Note 1)	Indirect subsidiary
	Zhong Yuan Xing Ye Company Ltd.	British Samoa	International trading	USD 3,760	USD 3,760	3,760,000	100%	1,376	3,223	(Note 1)	Indirect subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	USD 180	USD 180	1,800	1%	9,470	92,252	(Note 1)	Subsidiary
	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacture and extra processing on touch fasteners and various type of webbings	773,954	773,954	-	67%	2,648,086	260,591	(Note 1)	Indirect subsidiary of subsidiary
	Hong Kong Antex Limited.	Hong Kong	International investment	USD 54,335	USD 54,335	54,334,644	100%	6,554,069	173,143	(Note 1)	Indirect subsidiary of subsidiary
Paiho Shih Holdings Corporation	Pai Lon International Trading Limited	British Virgin Islands	International trading	USD -	USD 1,791	-	100%	-	5,528	(Note 1)	Indirect subsidiary of subsidiary
	Hon Shin Corp.	British Samoa	Internal investment and trading	USD 130,000	USD 130,000	130,000,000	100%	1,749,093	(22,312)	(Note 1)	Indirect subsidiary of subsidiary
	Paiho Holdings Limited	British Virgin Islands	International investment	735,219	876,863	21,555,685	100%	834,346	(8,997)	(Note 1)	Indirect subsidiary
Paiho Holdings Limited	Braits Company Limited	British Virgin Islands	International investment	562,498	562,498	16,601,385	100%	651,477	(10,017)	(Note 1)	Indirect subsidiary of subsidiary
Hon Shin Corp.	Vietnam Paihong Limited Company	Binh Duong, Vietnam	Production and sale of mesh and other fabrics.	USD 130,000	USD 130,000	-	100%	2,016,870	(27,077)	(Note 1)	Indirect subsidiary under several layers of holding
Shanghai Best Expectation Textile Trading Limited.	Hong Kong Best Expectation International Trading Limited	Hong Kong	Internal investment and trading	-	-	-	100%	-	-	-	Indirect subsidiary under several layers of holding

Note 1: Information filling is exempted according to regulations.

Note 2: For relevant information of mainland investee companies, please refer to Table 9.

Note 3: Significant intercompany accounts and transactions have been eliminated.

Table 9

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Information on Investment in Mainland China

January 1 to March 31, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency)

Name of the Investee Company in Mainland China (Note 1)	Main Businesses and Products	Paid-in Capital	Investment Method	Cumulative Investment Amount Remitted out from Taiwan at the Beginning of the Period	Outward and Inward Remittance of Funds		Cumulative Investment Amount Remitted out from Taiwan at the End of the Period	Net Income (Loss) of the Investee from the Current Period	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the Current Period (Notes 6 and 7)	Carrying Amount at the End of the Period (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of the End of the Current Period
					Outward	Inward						
Dongguan Paiho Business Service Co., Ltd.	Non-residential property leasing	\$ 155,325 (RMB 34,471)	(Note 1)	\$ -	\$ -	\$ -	\$ -	(\$ 458)	100%	(\$ 458)	\$ 156,094	\$ 1,214,739
Wuxi Paiho Textile Co., Limited	Processing of touch fasteners, webbing and embroidery	1,732,973 (RMB 384,592)	(Note 1)	511,620	-	-	511,620	207,397	52%	107,007	3,343,838	481,171
China Star International Limited	Production & marketing of powder coating	1,856 (RMB 412)	(Note 1)	201,922	-	141,644	60,278	5,200	100%	5,200	120,810	349,165
Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	185,413 (RMB 41,148)	(Note 1)	35,720	-	-	35,720	(16,659)	100%	(16,659)	210,804	43,166
Wuxi Paisen Commerce Co., Ltd.	Non-residential property leasing	595,633 (RMB 132,187)	(Note 1)	564,691	-	-	564,691	(10,017)	100%	(10,017)	651,477	-
Dongguan Paihong Industry Co., Ltd	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	1,608,768 (RMB 357,028)	(Note 1)	141,664	-	-	141,664	174,143	52%	90,177	1,938,455	195,107
Wuxi Paihong Real Estate Co., Ltd.	Commercial housing management, planning, consulting, and property sales, development, leasing, design and decoration	1,712,280 (RMB 380,000)	(Note 1)	(Note 2)	-	-	-	4,238	52%	2,187	1,367,332	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven fabrics	585,780 (RMB 130,000)	(Note 1)	(Note 3)	-	-	-	(15,595)	52%	(8,047)	267,433	-
Shanghai Best Expectation Textile Trading Limited	Internal investment and trading	2,253 (RMB 500)	(Note 1)	(Note 2)	-	-	-	(15)	52%	(7)	1,155	-

Cumulative Investment Amount Remitted out from Taiwan to the Mainland at the End of the Period	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs	In Accordance with the Investment Quota in Mainland China Area Set by the Investment Commission of the Ministry of Economic Affairs
(\$ 476,646) (Note 7)	\$ 647,928 (USD 22,635)	No upper limit (Note 4)

Note 1: Refer to Note 12 of the consolidated financial statements.

Note 2: The investment project is funded by Wuxi Paiho textile Co., Limited.

Note 3: The investment is made by Hong Kong Antex Limited.

Note 4: Under the “Principles for the Review of Investment or Technological Joint Venture in mainland China” of the Investment Commission dated August 29, 2008, the Corporation was issued the certification document for proof of within the scope of operation of the corporate headquarters by Industrial Development Bureau, MOEA, for investment in mainland China with no upper limit of the fund.

Note 5: The amounts denominated in foreign currency were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 6: With the reference to the reviewed financial statements of the parent company.

Note 7: Including the cumulative investment remitted out from Taiwan to Mainland China and the remitted investment income back to Taiwan as of the end of the current period.

Note 8: Significant intercompany accounts and transactions have been eliminated.

Table 10

TAIWAN PAIHO LIMITED

Information on Major Shareholders

March 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares Held (Shares)	Percentage of Ownership
Fubon Life Insurance Co., Ltd.	23,363,000	7.84%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Table 11
TAIWAN PAIHO LIMITED
Investment Structure
March 31, 2022

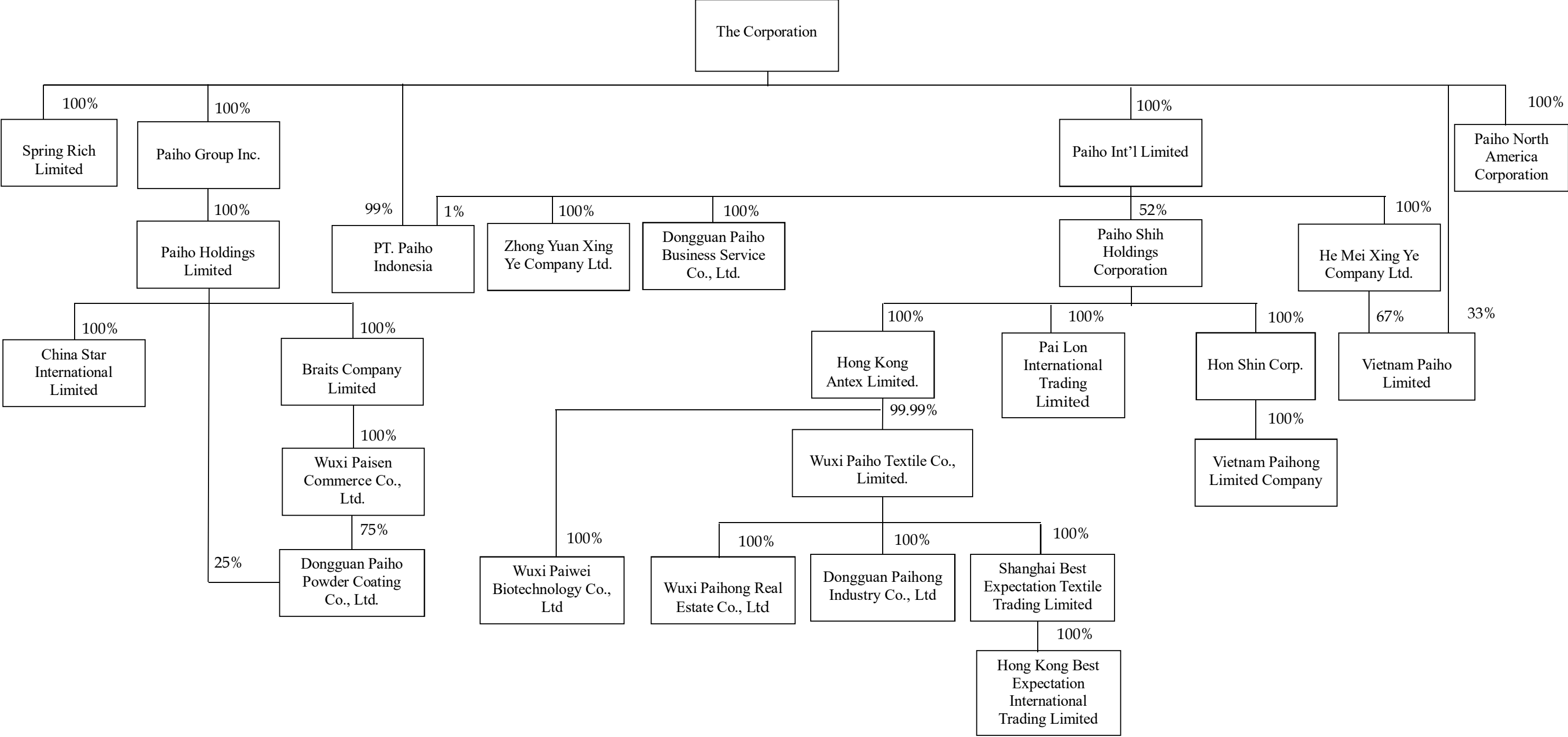


Table 12
TAIWAN PAIHO LIMITED
Investment Structure
March 31, 2021

