

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Financial Statements and CPA Review Report

Second Quarter, 2024 and 2023

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CPA Review Report

To: Taiwan Paiho Limited

Foreword

We have completed the review of the consolidated balance sheets of Taiwan Paiho Limited and its subsidiaries (Taiwan Paiho Group) as of June 30, 2024 and 2023, the consolidated statements of comprehensive income from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, and the consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including summaries of major accounting policies) from January 1 to June 30, 2024 and 2023. 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. 2410 - “Review of Interim Financial.” 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 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements above for the same period have not been reviewed by CPAs. The total assets as of June 30, 2024 and 2023 are NT\$3,487,042 thousand and NT\$3,302,161 thousand respectively, accounting for 11% and 10% of the respective total consolidated assets; the total liabilities are NT\$1,131,233 thousand and NT\$952,199 thousand respectively, accounting for 7% and 5% of the total consolidated liabilities respectively; the total comprehensive income and loss from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 is NT\$197,769 thousand, NT\$94,488 thousand, NT\$224,193 thousand and NT\$57,542 thousand respectively, accounting for 36%, (42%), 18% and (50%) of the total consolidated comprehensive income and loss respectively.

Qualified Conclusion

According to our review results, except that the financial statements of some non-significant subsidiaries mentioned in the paragraph Basis of Qualified Conclusion may have an adjustment impact on the consolidated financial statements if reviewed by CPAs, it is found that the consolidated financial statements above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission and should not lead to the inability to properly express the consolidated financial status of the Taiwan Paiho Group as of June 30, 2024 and 2023, the consolidated financial performance from April 1 to June 30, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to June 30, 2024 and 2023.

Deloitte & Touche

Taiwan

Ting-Chien, Su CPA

Shao-Chun Wu, CPA

August 8, 2024

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

June 30, 2024 and December 31 and June 30, 2023

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,720,024	11	\$ 3,761,089	12	\$ 4,019,760	13
1110	Financial assets at fair value through profit and loss – current (Note 7)	-	-	-	-	139,974	-
1136	Financial assets measured at amortized cost – current (Notes 8 and 28)	159,006	1	330,063	1	55,254	-
1150	Notes receivable (Note 9)	64,094	-	73,219	-	90,015	-
1170	Trade receivables (Note 9)	2,560,574	8	1,992,075	6	1,872,289	6
1200	Other receivables	260,066	1	187,117	1	226,844	1
1310	Inventories – manufacturing (Note 10)	2,759,845	8	2,655,910	9	2,774,137	9
1320	Inventories – constructing (Note 10)	2,080,561	6	2,140,005	7	2,185,970	7
1470	Other current assets (Note 16)	936,916	3	1,071,028	3	1,053,803	3
11XX	Total current assets	<u>12,541,086</u>	<u>38</u>	<u>12,210,506</u>	<u>39</u>	<u>12,418,046</u>	<u>39</u>
	Non-current assets						
1535	Financial assets measured at amortized cost – non-current (Notes 8 and 28)	64,480	-	12,752	-	63,481	-
1600	Property, plant and equipment (Notes 12, 27, and 28)	17,637,946	54	17,008,859	54	16,983,796	53
1755	Right-of-use assets (Notes 13 and 27)	1,474,581	4	1,444,605	4	1,490,651	5
1760	Investment properties (Notes 13 and 14)	330,001	1	222,873	1	159,236	1
1805	Goodwill (Note 15)	183,277	1	173,427	-	175,441	1
1821	Other intangible assets	22,720	-	21,016	-	29,567	-
1840	Deferred tax assets (Note 24)	172,714	1	274,528	1	201,800	1
1915	Prepayment for machinery and equipment	291,975	1	204,084	1	152,655	-
1995	Other non-current assets (Note 16)	116,833	-	100,749	-	83,891	-
15XX	Total non-current assets	<u>20,294,527</u>	<u>62</u>	<u>19,462,893</u>	<u>61</u>	<u>19,340,518</u>	<u>61</u>
1XXX	Total assets	<u>\$32,835,613</u>	<u>100</u>	<u>\$31,673,399</u>	<u>100</u>	<u>\$31,758,564</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2102	Short-term borrowings (Note 17)	\$ 8,296,913	25	\$ 8,409,873	27	\$ 7,681,526	24
2130	Contractual liabilities – current (Notes 22 and 27)	40,552	-	20,426	-	23,140	-
2150	Notes payable	84,927	-	82,499	-	51,908	-
2170	Trade payables	559,723	2	445,898	1	415,417	1
2200	Other payables (Note 18)	1,343,565	4	1,460,126	5	1,952,599	6
2230	Current tax liabilities (Note 24)	391,166	1	942,426	3	851,868	3
2280	Lease liabilities – current (Notes 13 and 27)	8,490	-	14,806	-	17,620	-
2320	Current portion of long-term borrowings (Notes 17 and 28)	461,136	2	54,231	-	123,890	1
2399	Other current liabilities	34,078	-	43,430	-	10,401	-
21XX	Total current liabilities	<u>11,220,550</u>	<u>34</u>	<u>11,473,715</u>	<u>36</u>	<u>11,128,369</u>	<u>35</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 17 and 28)	4,017,737	12	4,458,630	14	5,189,452	16
2570	Deferred tax liabilities (Note 24)	1,708,114	5	1,469,149	5	1,473,072	5
2580	Lease liabilities – non-current (Notes 13 and 27)	27,438	-	24,177	-	29,707	-
2630	Deferred revenue – non-current	116,319	1	117,007	-	119,400	-
2640	Net defined benefit liabilities – non-current (Note 19)	183,834	1	213,943	1	207,931	1
2645	Guarantee deposits received	17,765	-	15,646	-	13,847	-
25XX	Total non-current liabilities	<u>6,071,207</u>	<u>19</u>	<u>6,298,552</u>	<u>20</u>	<u>7,033,409</u>	<u>22</u>
2XXX	Total liabilities	<u>17,291,757</u>	<u>53</u>	<u>17,772,267</u>	<u>56</u>	<u>18,161,778</u>	<u>57</u>
	Equity attributable to owners of the Corporation						
3110	Common stock	2,979,639	9	2,979,639	10	2,979,639	9
3200	Capital surplus	742,037	2	733,180	2	728,166	2
	Retained earnings						
3310	Legal reserve	2,051,970	6	1,991,645	6	1,991,645	6
3320	Special reserve	255,987	1	170,388	1	170,388	1
3350	Unappropriated earnings	6,181,108	19	5,943,338	19	5,547,411	17
3400	Other equity	137,999	-	(255,987)	(1)	(187,844)	-
31XX	Total equity attributable to owners of the Corporation	<u>12,348,740</u>	<u>37</u>	<u>11,562,203</u>	<u>37</u>	<u>11,229,405</u>	<u>35</u>
36XX	Non-controlling interests	<u>3,195,116</u>	<u>10</u>	<u>2,338,929</u>	<u>7</u>	<u>2,367,381</u>	<u>8</u>
3XXX	Total equity	<u>15,543,856</u>	<u>47</u>	<u>13,901,132</u>	<u>44</u>	<u>13,596,786</u>	<u>43</u>
	Total liabilities and equity	<u>\$32,835,613</u>	<u>100</u>	<u>\$31,673,399</u>	<u>100</u>	<u>\$31,758,564</u>	<u>100</u>

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

(Please refer to the review report of Deloitte & Touche Taiwan on August 8, 2024)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023

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

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net sales (Notes 22 and 27)	\$ 3,721,560	100	\$ 2,707,641	100	\$ 7,276,753	100	\$ 5,711,376	100
5000	Cost of goods sold (Notes 10, 22, 23 and 27)	2,348,570	63	1,981,835	73	4,672,859	64	4,044,870	71
5950	Gross profit	1,372,990	37	725,806	27	2,603,894	36	1,666,506	29
	Operating expenses (Notes 23 and 27)								
6100	Sales and marketing expenses	318,037	8	311,096	11	622,718	8	607,303	11
6200	General and administrative expenses	256,788	7	214,937	8	484,861	7	457,870	8
6300	Research and development expenses	132,993	4	129,503	5	237,886	3	258,249	4
6450	Expected credit loss recognized (reversed) on trade receivables (Note 9)	3,503	-	21,583	1	(8,354)	-	19,943	-
6000	Total operating expenses	711,321	19	677,119	25	1,337,111	18	1,343,365	23
6900	Profit from operations	661,669	18	48,687	2	1,266,783	18	323,141	6
	Non-operating income and expenses								
7010	Subsidy revenue	7,252	-	3,184	-	10,818	-	9,811	-
7050	Financial costs (Notes 23 and 27)	(124,713)	(3)	(149,817)	(6)	(256,959)	(3)	(285,310)	(5)
7100	Interest income	18,018	-	17,268	1	31,327	-	25,475	-
7190	Other income	19,367	1	15,229	-	33,405	-	32,661	1
7590	Other expenses (Note 23)	(22,999)	(1)	(7,144)	-	(31,390)	-	(65,524)	(1)
7630	Net gain (loss) on foreign exchange (Note 23)	(1,886)	-	19,674	1	2,686	-	(773)	-
7000	Total non-operating income and expenses	(104,961)	(3)	(101,606)	(4)	(210,113)	(3)	(283,660)	(5)
7900	Profit (loss) before income tax	556,708	15	(52,919)	(2)	1,056,670	15	39,481	1
7950	Income tax expense (Note 24)	146,441	4	3,908	-	279,829	4	32,651	1
8200	Net profit (loss) for the period	410,267	11	(56,827)	(2)	776,841	11	6,830	-
	Other comprehensive income (loss)								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating foreign operations	161,080	4	(176,869)	(6)	551,004	7	(127,271)	(2)
8399	and income tax related to items likely to be reclassified to profit or loss (Note 24)	(23,315)	-	11,439	-	(98,497)	(1)	4,364	-
		137,765	4	(165,430)	(6)	452,507	6	(122,907)	(2)
8500	Total comprehensive income (loss) for the period	\$ 548,032	15	(\$ 222,257)	(8)	\$ 1,229,348	17	(\$ 116,077)	(2)
	Net profit (loss) attributable to:								
8610	Owners of the Corporation	\$ 349,041	9	\$ 71,979	3	\$ 681,658	10	\$ 207,320	4
8620	Non-controlling interests	61,226	2	(128,806)	(5)	95,183	1	(200,490)	(4)
8600		\$ 410,267	11	(\$ 56,827)	(2)	\$ 776,841	11	\$ 6,830	-
	Total comprehensive income (loss) attributed to:								
8710	Owners of the Corporation	\$ 442,299	12	\$ 26,224	1	\$ 1,075,644	15	\$ 189,864	3
8720	Non-controlling interests	105,733	3	(248,481)	(9)	153,704	2	(305,941)	(5)
8700		\$ 548,032	15	(\$ 222,257)	(8)	\$ 1,229,348	17	(\$ 116,077)	(2)
	Earnings per share (Note 25)								
9750	Basic	\$ 1.17		\$ 0.24		\$ 2.29		\$ 0.70	
9850	Diluted	\$ 1.17		\$ 0.24		\$ 2.29		\$ 0.70	

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the review report of Deloitte & Touche Taiwan on August 8, 2024)

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 June 30, 2024 and 2023

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Corporation (Note 21)					Other Equity		Non-Controlling	Total Equity
				Retained Earnings		Exchange Differences on Translating Foreign Operations	Total	Interests		
Code		Common Stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
A1	Balance at January 1, 2023	\$ 2,979,639	\$ 728,084	\$ 1,841,652	\$ 737,099	\$ 5,668,283	(\$ 170,388)	\$ 11,784,369	\$ 2,703,831	\$ 14,488,200
C3	Donation from shareholders	-	82	-	-	-	-	82	-	82
	Appropriation of 2022 earnings									
B1	Legal reserve	-	-	149,993	-	(149,993)	-	-	-	-
B3	Special reserve	-	-	-	(566,711)	566,711	-	-	-	-
B5	Cash dividend	-	-	-	-	(744,910)	-	(744,910)	-	(744,910)
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	(30,509)	(30,509)
D1	Net profit (loss) from January 1 to June 30, 2023	-	-	-	-	207,320	-	207,320	(200,490)	6,830
D3	Other comprehensive loss from January 1 to June 30, 2023	-	-	-	-	-	(17,456)	(17,456)	(105,451)	(122,907)
D5	Total comprehensive income (loss) from January 1 to June 30, 2023	-	-	-	-	207,320	(17,456)	189,864	(305,941)	(116,077)
Z1	Balance at June 30, 2023	\$ 2,979,639	\$ 728,166	\$ 1,991,645	\$ 170,388	\$ 5,547,411	(\$ 187,844)	\$ 11,229,405	\$ 2,367,381	\$ 13,596,786
A1	Balance at January 1, 2024	\$ 2,979,639	\$ 733,180	\$ 1,991,645	\$ 170,388	\$ 5,943,338	(\$ 255,987)	\$ 11,562,203	\$ 2,338,929	\$ 13,901,132
C3	Donation from shareholders	-	124	-	-	-	-	124	-	124
	Appropriation of 2023 earnings									
B1	Legal reserve	-	-	60,325	-	(60,325)	-	-	-	-
B3	Special reserve	-	-	-	85,599	(85,599)	-	-	-	-
B5	Cash dividend	-	-	-	-	(297,964)	-	(297,964)	-	(297,964)
M7	Changes in ownership interests in subsidiaries	-	8,733	-	-	-	-	8,733	702,483	711,216
D1	Net profit from January 1 to June 30, 2024	-	-	-	-	681,658	-	681,658	95,183	776,841
D3	Other comprehensive income from January 1 to June 30, 2024	-	-	-	-	-	393,986	393,986	58,521	452,507
D5	Total comprehensive income from January 1 to June 30, 2024	-	-	-	-	681,658	393,986	1,075,644	153,704	1,229,348
Z1	Balance at June 30, 2024	\$ 2,979,639	\$ 742,037	\$ 2,051,970	\$ 255,987	\$ 6,181,108	\$ 137,999	\$ 12,348,740	\$ 3,195,116	\$ 15,543,856

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the review report of Deloitte & Touche Taiwan on August 8, 2024)

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 June 30, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flows from operating activities		
A10000	Income before income tax	\$ 1,056,670	\$ 39,481
A20010	Incomes and expense items:		
A20100	Depreciation expense	649,111	660,263
A20200	Amortization expense	1,814	1,756
A20300	Expected credit impairment loss (reversed)	(8,354)	19,943
A20900	Finance costs	256,959	285,310
A21200	Interest income	(31,327)	(25,475)
A22500	Loss on disposal of property, plant and equipment	812	1,840
A23700	Impairment loss recognized on non-financial assets	62,546	111,063
A24100	Unrealized foreign currency exchange loss	3,740	2,909
A29900	Others	(3,427)	(1,332)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	9,223	(32,933)
A31150	Trade receivables	(451,482)	190,459
A31180	Other receivables	(47,906)	(50,499)
A31200	Inventories – manufacturing	(36,715)	168,568
A31200	Inventories – constructing	13,191	(3,190)
A31240	Other current assets	171,445	(91,048)
A32125	Contractual liabilities	20,126	(9,418)
A32130	Notes payable	2,428	(24,930)
A32150	Trade payables	86,179	(158,886)
A32180	Other payables	(257,442)	(520,282)
A32230	Other current liabilities	(10,636)	(33,781)
A32240	Net defined benefit liabilities	(41,234)	5,819
A33000	Cash generated from operations	1,445,721	535,637
A33100	Interest received	31,327	25,475
A33300	Interest paid	(253,745)	(277,110)
A33500	Income tax paid	(619,546)	(319,436)
AAAA	Net cash generated from (used in) operation activities	<u>603,757</u>	<u>(35,434)</u>

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 147,068)	(\$ 79,482)
B00050	Proceeds from disposal of financial assets at amortized cost	282,658	79,187
B00100	Acquisition of financial assets at fair value through profit or loss	-	(2,127)
B02700	Payments for property, plant and equipment	(771,715)	(703,303)
B02800	Proceeds from disposal of property, plant and equipment	158	36,550
B03700	Increase in refundable deposits	203	3,496
B04500	Payments for intangible assets	(2,500)	(5,216)
B06800	Decrease (increase) in other non-current assets	(16,084)	221
B07100	Increase in prepayments for machinery and equipment	(138,336)	(144,797)
BBBB	Net cash used in investing activities	(792,684)	(815,471)
	Cash flow from financing activities		
C00100	Proceeds from (repayments of) short-term borrowings	(569,909)	904,965
C01600	Proceeds from long-term borrowings	978,542	2,625,708
C01700	Repayments of long-term borrowings	(1,131,207)	(2,697,058)
C03000	Proceeds from (refund of) guarantee deposits received	1,209	(652)
C04020	Repayment of the principal portion of lease liabilities	(9,464)	(11,542)
C05800	Changes in non-controlling interests	711,216	-
C09900	Overdue dividend	124	82
CCCC	Net cash generated from (used in) financing activities	(19,489)	821,503
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	167,351	90,310
EEEE	Net increase (decrease) in cash and cash equivalents	(41,065)	60,908
E00100	Cash and cash equivalents at the beginning of the period	3,761,089	3,958,852
E00200	Cash and cash equivalents at the end of the period	\$ 3,720,024	\$ 4,019,760

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

(Please refer to the review report of Deloitte & Touche Taiwan on August 8, 2024)

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 June 30, 2024 and 2023

(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 superficial 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. Date and Procedure for Approval of the Financial Report

These consolidated financial statements were approved by the Board of Directors on August 8, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards 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) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

(III) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB (Note)</u>
“Annual Improvements to IFRS Accounting Standards - Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements” for the following major changes:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS

Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

(IV) Reclassification

Management team of the Group believed that the remittances limited to actual investment related operations purposes, as prescribed under "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act", does not alter the nature of the deposit and should be classified as cash and cash equivalent, as it was able accessible to the Group instantly. The reclassifications were, therefore, made to consolidated balance sheet and statement of cash flows. Financial assets measured at amortized costs reclassified as cash and cash equivalent were \$198,110 and \$230,769 thousand, respectively, as of June 30, 2023 and January 1, 2023. Effects to cash flows items from January 1 to June 30, 2023:

	<u>Adjustment</u>
Net cash used in investing activities	\$ <u>32,659</u>
Net decrease of cash and cash equivalents	\$ <u>32,659</u>

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). Current income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. 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.

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.

For information on the details of the subsidiaries, percentages of ownership and main businesses, refer to Note 11, Table 8 and Table 9.

(IV) Other Significant Accounting Policies

Refer to note to significant accounting policies contained in the 2023 Consolidated Financial Statements further to the explanation specified below.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held for trading purposes;
- (2) Assets expected to be realized within 12 months after the reporting period;
and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- (1) Liabilities held for trading purposes;
- (2) Liabilities due to be settled within 12 months after the reporting period;
and

- (3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the business of entrusting construction companies to build residential buildings, shopping malls and office buildings for sale, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

2. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When developing material accounting estimates, the Group considers the possible impact of on the 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, 2023.

VI. Cash and Cash Equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Petty cash and cash on hand	\$ 40,269	\$ 22,982	\$ 39,710
Checking accounts and demand deposits	2,990,350	2,259,646	2,315,129
Cash equivalents (deposit accounts with original maturities of less than 3 months)	<u>689,405</u>	<u>1,478,461</u>	<u>1,664,921</u>
	<u>\$ 3,720,024</u>	<u>\$ 3,761,089</u>	<u>\$ 4,019,760</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets mandatorily classified as at FVTPL			
Non derivative financial assets			
- Structured deposits	\$ <u> -</u>	\$ <u> -</u>	\$ <u>139,974</u>

VIII. Financial Assets at Amortized Cost

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Restricted deposits	\$ 64,900	\$ 330,063	\$ 15,980
Time deposit with initial maturity longer than 3 months	<u>94,106</u>	<u>-</u>	<u>39,274</u>
	\$ <u>159,006</u>	\$ <u>330,063</u>	\$ <u>55,254</u>
<u>Non-current</u>			
Restricted deposits	\$ <u>64,480</u>	\$ <u>12,752</u>	\$ <u>63,481</u>

For information on pledged financial assets at amortized cost, refer to Note 28.

IX. Notes Receivable and Trade Receivables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Notes receivable</u>			
At amortized cost	\$ <u>64,094</u>	\$ <u>73,219</u>	\$ <u>90,015</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,600,720	\$ 2,039,845	\$ 1,930,641
Less: allowance for impairment loss	(<u>40,146</u>)	(<u>47,770</u>)	(<u>58,352</u>)
	\$ <u>2,560,574</u>	\$ <u>1,992,075</u>	\$ <u>1,872,289</u>

The average credit period of sales of goods was 30 to 90, and 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 accounts receivable at an amount equal to lifetime ECLs. Lifetime ECLs are calculated using provision matrix, factoring into past default history and current financial standing of the customers, as well as industry condition and prospects. Based on the credit loss history, in terms of loss patterns, there have not been significant differences across the customer groups for the Group; therefore, a unified expected credit loss rate using the number of days overdue was determined, without assigning a provision matrix for individual customer 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>June 30, 2024</u>						
Expected credit loss rate	0-1.2%	1.13-18.38%	5-65.09%	5-59.53%	5-100%	
Gross carrying amount	\$2,463,815	\$ 80,696	\$ 33,570	\$ 3,607	\$ 19,032	\$2,600,720
Loss allowance (Lifetime ECLs)	(<u>6,296</u>)	(<u>7,668</u>)	(<u>8,216</u>)	(<u>1,213</u>)	(<u>16,753</u>)	(<u>40,146</u>)
Amortized cost	<u>\$2,457,519</u>	<u>\$ 73,028</u>	<u>\$ 25,354</u>	<u>\$ 2,394</u>	<u>\$ 2,279</u>	<u>\$2,560,574</u>
<u>December 31, 2023</u>						
Expected credit loss rate	0-3.88%	5-23.66%	5-93.84%	5-100%	5-100%	
Gross carrying amount	\$1,931,490	\$ 64,807	\$ 21,175	\$ 4,686	\$ 17,687	\$2,039,845
Loss allowance (Lifetime ECLs)	(<u>17,432</u>)	(<u>10,431</u>)	(<u>5,721</u>)	(<u>3,115</u>)	(<u>11,071</u>)	(<u>47,770</u>)
Amortized cost	<u>\$1,914,058</u>	<u>\$ 54,376</u>	<u>\$ 15,454</u>	<u>\$ 1,571</u>	<u>\$ 6,616</u>	<u>\$1,992,075</u>
<u>June 30, 2023</u>						
Expected credit loss rate	0.04-3%	0.04-20%	0.04-40%	0.04-100%	0.04-100%	
Gross carrying amount	\$1,756,379	\$ 101,821	\$ 33,437	\$ 10,726	\$ 28,278	\$1,930,641
Loss allowance (Lifetime ECLs)	(<u>17,529</u>)	(<u>6,079</u>)	(<u>4,728</u>)	(<u>6,395</u>)	(<u>23,621</u>)	(<u>58,352</u>)
Amortized cost	<u>\$1,738,850</u>	<u>\$ 95,742</u>	<u>\$ 28,709</u>	<u>\$ 4,331</u>	<u>\$ 4,657</u>	<u>\$1,872,289</u>

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

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at January 1	\$ 47,770	\$ 38,899
Loss allowance made (recovered) for impairment loss	(8,354)	19,943
Amounts written off	(67)	(1,395)
Foreign exchange gains or losses	797	905
Balance at June 30	<u>\$ 40,146</u>	<u>\$ 58,352</u>

X. Inventories

(I) Manufacturing

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials and supplies	\$ 930,077	\$ 879,304	\$ 917,650
Finished goods	996,057	962,514	1,072,721
Work in progress	770,197	780,564	758,288
Inventory in transit	63,514	33,528	25,478
	<u>\$ 2,759,845</u>	<u>\$ 2,655,910</u>	<u>\$ 2,774,137</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were \$2,348,570 thousand, \$1,980,700 thousand, \$4,658,259 thousand, and \$4,028,594 thousand respectively. The cost of goods sold included inventory write-downs of \$27,316 thousand, \$79,850 thousand, \$62,546 thousand, and \$111,063 thousand.

(II) Construction industry

	June 30, 2024	December 31, 2023	June 30, 2023
Construction to be sold	<u>\$ 2,080,561</u>	<u>\$ 2,140,005</u>	<u>\$ 2,185,970</u>

Construction to be sold

Location	Project Name	June 30, 2024	December 31, 2023	June 30, 2023
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 262,484	\$ 255,434	\$ 251,903
	Paiho International Mansion - Season Two	275,721	268,577	265,662
	Paiho Business Plaza	<u>1,542,356</u>	<u>1,615,994</u>	<u>1,668,405</u>
		<u>\$ 2,080,561</u>	<u>\$ 2,140,005</u>	<u>\$ 2,185,970</u>

The cost of inventories recognized as cost of real estate sold for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were \$0 thousand, \$1,135 thousand, \$14,600 thousand, and \$16,276 thousand respectively.

XI. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements:

Investee	Subsidiary	Nature of Activities	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Corporation	Paiho Int'l Limited	International investment	100	100	100	3
	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 types of webbings	100	100	100	-
	Spring Rich Limited	Extra processing of webbings	100	100	100	-
	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	33	33	33	3
Paiho Int'l Limited	Paiho Shih Holdings Corporation	International investment	50	52	52	2.3
	Dongguan Paiho Business Service Limited	Non-residential property leasing	100	100	100	-
	He Mei Xing Ye Company Ltd.	International investment	100	100	100	3
	Zhong Yuan Xing Ye Company Ltd.	International trade	100	100	100	-
	PT. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	1	1	1	-
Paiho Shih Holdings Corporation	Hong Kong Antex Limited	International investment	100	100	100	3
	Hon Shin Corp.	Internal investment and trade	100	100	100	3
Hong Kong Antex Limited.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of touch fasteners, webbing and embroidery	99.99	99.99	99.99	3
	Wuxi Paiwei Biotechnology Co., (Wuxi Paiwei Company)	Production and sales of masks and non-woven fabrics	100	100	100	3

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Investee	Subsidiary	Nature of Activities	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Thomas Dynamic Material (Jiangsu) 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	100	3
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration	100	100	100	3
	Shanghai Best Expectation Textile Trading Limited	International investment and trade	21	22	22	3
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	International investment and trade	79	78	78	3
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	International investment and trade	100	100	100	3
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company.	Production and sale of mesh and other fabrics.	100	100	100	3
He Mei Xing Ye Company Ltd.	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	67	67	67	3
Paiho Group Inc.	Paiho Holdings Limited.	International investment	100	100	100	-
Paiho Holdings Limited.	China Star International Limited	Production & marketing of powder coating	-	-	-	1
Braits Company Limited	Braits Company Limited	International investment	100	100	100	-
	Wuxi Paisen Commerce Co., Ltd.	Non-residential property leasing	100	100	100	-

Note 1: Liquidation of China Star International Limited completed on January, 2023.

Note 2: On September 26, 2023, the Board of Paiho Shih Holdings Corporation resolved to issue new shares through a cash capital increase. The capital increase was approved and declared effective by the Securities and Futures Bureau of Financial Supervisory Commission on November 10, 2023. The new shares were issued at a premium of NT\$18 per share, with January 22, 2024 set as the record date. Paiho Int'l Limited chose not to subscribe according to its shareholding ratio, resulting in its shareholding ratio decreasing to 50% as of March 31, 2024.

Note 3: 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.

Please refer to Tables 8 and 9 for the main business premises and the countries of company registration of the subsidiaries above.

(II) Information of subsidiaries with significant non-controlling interests

Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2024	December 31, 2023	June 30, 2023
Paiho Shih Holdings Corporation and subsidiaries	50%	48%	48%

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	January 1 to June 30, 2024	January 1 to June 30, 2023	June 30, 2024	December 31, 2023	June 30, 2023
Paiho Shih Holdings Corporation and subsidiaries	\$ 95,183	(\$ 200,490)	\$3,195,116	\$2,338,929	\$2,367,381

	June 30, 2024	December 31, 2023	June 30, 2023
	Current assets	\$ 7,176,304	\$ 6,874,674
Non-current assets	11,652,537	11,068,387	11,001,305
Current liabilities	(8,348,948)	(8,973,524)	(7,874,447)
Non-current liabilities	(4,113,070)	(4,137,473)	(5,098,965)
Equity	<u>\$ 6,366,823</u>	<u>\$ 4,832,064</u>	<u>\$ 4,889,097</u>
Equity attributed to:			
Owners of the Corporation	\$ 3,171,707	\$ 2,493,135	\$ 2,521,716
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>3,195,116</u>	<u>2,338,929</u>	<u>2,367,381</u>
	<u>\$ 6,366,823</u>	<u>\$ 4,832,064</u>	<u>\$ 4,889,097</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Revenue	<u>\$1,734,240</u>	<u>\$1,149,129</u>	<u>\$3,226,587</u>	<u>\$2,358,344</u>
Net profit (loss)	\$ 122,631	(\$ 269,187)	\$ 190,233	(\$ 416,730)
Other comprehensive income (loss)	<u>51,426</u>	<u>(247,427)</u>	<u>175,230</u>	<u>(201,525)</u>
Total comprehensive income (loss)	<u>\$ 174,057</u>	<u>(\$ 516,614)</u>	<u>\$ 365,463</u>	<u>(\$ 618,255)</u>
Net profit (loss) attributable to:				
Owners of the Corporation	\$ 61,405	(\$ 140,381)	\$ 95,050	(\$ 216,240)
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>61,226</u>	<u>(128,806)</u>	<u>95,183</u>	<u>(200,490)</u>
	<u>\$ 122,631</u>	<u>(\$ 269,187)</u>	<u>\$ 190,233</u>	<u>(\$ 416,730)</u>
Total comprehensive income (loss) attributed to:				
Owners of the Corporation	\$ 68,324	(\$ 268,133)	\$ 211,759	(\$ 312,314)
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>105,733</u>	<u>(248,481)</u>	<u>153,704</u>	<u>(305,941)</u>
	<u>\$ 174,057</u>	<u>(\$ 516,614)</u>	<u>\$ 365,463</u>	<u>(\$ 618,255)</u>
Cash flow				
Operating activities			\$ 406,223	(\$ 556,446)
Investing activities			(456,524)	(445,306)
Financing activities			<u>89,730</u>	<u>1,203,954</u>
Net cash inflow			<u>\$ 39,429</u>	<u>\$ 202,202</u>

XII. Property, Plant and Equipment

January 1 to June 30, 2024	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 636,246	\$10,318,182	\$9,095,324	\$ 288,842	\$1,097,214	\$4,112,853	\$25,548,661
Additions	-	4,749	23,966	239	3,284	506,142	538,380
Disposals	-	(27,868)	(46,075)	(1,175)	(19,140)	-	(94,258)
Reclassified amount	-	140,081	117,736	7,859	557	(121,202)	145,031
Net exchange translation adjustment	4,697	355,948	314,088	10,496	37,304	144,236	866,769
Balance at June 30, 2024	<u>\$ 640,943</u>	<u>\$10,791,092</u>	<u>\$9,505,039</u>	<u>\$ 306,261</u>	<u>\$1,119,219</u>	<u>\$4,642,029</u>	<u>\$27,004,583</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$2,717,991	\$4,899,459	\$ 167,230	\$ 755,122	\$ -	\$8,539,802
Depreciation expense	-	174,011	370,475	13,824	52,036	-	610,346
Disposals	-	(27,868)	(45,296)	(1,116)	(18,626)	-	(92,906)
Reclassified amount	-	-	-	241	(241)	-	-
Net exchange translation adjustment	-	96,515	178,848	6,266	27,766	-	309,395
Balance at June 30, 2024	<u>\$ -</u>	<u>\$2,960,649</u>	<u>\$5,403,486</u>	<u>\$ 186,445</u>	<u>\$ 816,057</u>	<u>\$ -</u>	<u>\$9,366,637</u>
Carrying amount at June 30, 2024	<u>\$ 640,943</u>	<u>\$7,830,443</u>	<u>\$4,101,553</u>	<u>\$ 119,816</u>	<u>\$ 303,162</u>	<u>\$4,642,029</u>	<u>\$17,637,946</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 636,246</u>	<u>\$ 7,600,191</u>	<u>\$ 4,195,865</u>	<u>\$ 121,612</u>	<u>\$ 342,092</u>	<u>\$4,112,853</u>	<u>\$17,008,859</u>
<u>January 1 to June 30, 2023</u>							
<u>Cost</u>							
Balance at January 1, 2023	\$ 628,090	\$10,260,581	\$9,230,299	\$ 293,148	\$1,082,524	\$2,959,227	\$24,453,869
Additions	7,968	17,012	64,057	15,316	28,742	625,586	758,681
Disposals	-	(1,661)	(323,122)	(1,361)	(32,247)	(34,354)	(392,745)
Reclassified amount	786	64,289	309,555	3,409	5,375	696	384,110
Net exchange translation adjustment	1,158	(36,593)	(28,112)	(896)	(14,264)	47,703	(31,004)
Balance at June 30, 2023	<u>\$ 638,002</u>	<u>\$10,303,628</u>	<u>\$9,252,677</u>	<u>\$ 309,616</u>	<u>\$1,070,130</u>	<u>\$3,598,858</u>	<u>\$25,172,911</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$2,403,853	\$4,667,960	\$ 159,474	\$ 690,802	\$ -	\$7,922,089
Depreciation expense	-	175,599	383,588	11,976	53,040	-	624,203
Disposals	-	(1,661)	(322,087)	(876)	(29,730)	-	(354,354)
Net exchange translation adjustment	-	(17,785)	14,290	10,200	(9,528)	-	(2,823)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$2,560,006</u>	<u>\$4,743,751</u>	<u>\$ 180,774</u>	<u>\$ 704,584</u>	<u>\$ -</u>	<u>\$8,189,115</u>
Carrying amount at June 30, 2023	<u>\$ 638,002</u>	<u>\$7,743,622</u>	<u>\$4,508,926</u>	<u>\$ 128,842</u>	<u>\$ 365,546</u>	<u>\$3,598,858</u>	<u>\$16,983,796</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 628,090</u>	<u>\$ 7,856,728</u>	<u>\$ 4,562,339</u>	<u>\$ 133,674</u>	<u>\$ 391,722</u>	<u>\$2,959,227</u>	<u>\$16,531,780</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 \$264 thousand), 2,597 square meters in the Zhongxiao section of land (recorded as self-owned land for \$8,773 thousand), and 4,740 square meters in the Tiaoxing section of land (recorded as self-owned land for \$42,031 thousand). These are agricultural lands temporarily registered in the names of others, with the Corporation as the rights 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 16 years
Engineering system	5 to 40 years
Others	2 to 10 years
Machinery and equipment	3 to 16 years
Transportation equipment	4 to 15 years
Miscellaneous equipment	1 to 35 years

Property, plant and equipment pledged as collateral for long-term borrowings are set out in Note 28.

XIII. Lease Agreements

(I) Right-of-use assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Carrying amounts of right-of-use assets			
Land	\$ 1,436,993	\$ 1,404,965	\$ 1,443,663
Buildings	36,541	39,640	46,651
Transportation equipment	<u>1,047</u>	<u>-</u>	<u>337</u>
	<u>\$ 1,474,581</u>	<u>\$ 1,444,605</u>	<u>\$ 1,490,651</u>
	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>
Addition of right-of-use assets			<u>\$ 7,821</u>
			<u>\$ 2,605</u>
Depreciation charge of right-of-use assets			
Land	\$ 12,342	\$ 11,759	\$ 24,380
Buildings	4,331	4,742	8,842
Transportation equipment	<u>175</u>	<u>204</u>	<u>346</u>
	<u>\$ 16,848</u>	<u>\$ 16,705</u>	<u>\$ 32,997</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 June 30, 2024 and 2023.

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 14. 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

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts of lease liabilities			
Current	<u>\$ 8,490</u>	<u>\$ 14,806</u>	<u>\$ 17,620</u>
Non-current	<u>\$ 27,438</u>	<u>\$ 24,177</u>	<u>\$ 29,707</u>

The discount rate ranges for lease liabilities are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	1.30%-5.00%	0.98%-5.00%	0.98%-5.00%
Transportation equipment	3.7%	3.85%	3.85%

(III) Other lease information

Lease arrangements under operating leases of the Consolidated Company as lessor of investment properties are set out in Note 14.

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Expenses relating to short-term leases	<u>\$ 3,076</u>	<u>\$ 2,993</u>	<u>\$ 6,183</u>	<u>\$ 4,988</u>
Expenses relating to low-value asset leases	<u>\$ 6,139</u>	<u>\$ 6,334</u>	<u>\$ 11,128</u>	<u>\$ 11,178</u>
Total cash outflow from leasing activities			<u>(\$ 27,269)</u>	<u>(\$ 24,291)</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 Group elects to apply recognition exemption.

XIV. Investment Properties

<u>January 1 to June 30, 2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassified Amount</u>	<u>Net Exchange Translation Adjustment</u>	<u>Ending Balance</u>
<u>Cost</u>					
Plant and properties for sale	\$ 264,404	\$ -	\$ 102,379	\$ 11,813	\$ 378,596
Right-of-use assets	<u>16,010</u>	<u>-</u>	<u>-</u>	<u>805</u>	<u>16,815</u>
Total cost	<u>280,414</u>	<u>\$ -</u>	<u>\$ 102,379</u>	<u>\$ 12,618</u>	<u>395,411</u>
<u>Accumulated depreciation</u>					
Plant and properties for sale	55,568	\$ 4,993	(\$ 261)	\$ 2,831	63,131
Right-of-use assets	<u>1,973</u>	<u>204</u>	<u>-</u>	<u>102</u>	<u>2,279</u>
Total accumulated depreciation	<u>57,541</u>	<u>\$ 5,197</u>	<u>(\$ 261)</u>	<u>\$ 2,933</u>	<u>65,410</u>
Carrying amount of investment properties	<u>\$ 222,873</u>				<u>\$ 330,001</u>
<u>January 1 to June 30, 2023</u>					
<u>Cost</u>					
Plant and properties for sale	\$ 174,245	\$ -	\$ 27,213	(\$ 4,737)	\$ 196,721
Right-of-use assets	<u>16,284</u>	<u>-</u>	<u>-</u>	<u>(368)</u>	<u>15,916</u>
Total cost	<u>190,529</u>	<u>\$ -</u>	<u>\$ 27,213</u>	<u>(\$ 5,105)</u>	<u>212,637</u>
<u>Accumulated depreciation</u>					
Plant and properties for sale	\$ 49,947	\$ 2,864	\$ -	(\$ 1,175)	\$ 51,636
Right-of-use assets	<u>1,605</u>	<u>199</u>	<u>-</u>	<u>(39)</u>	<u>1,765</u>
Total accumulated depreciation	<u>51,552</u>	<u>\$ 3,063</u>	<u>\$ -</u>	<u>(\$ 1,214)</u>	<u>53,401</u>
Carrying amount of investment properties	<u>\$ 138,977</u>				<u>\$ 159,236</u>

Right-of-use assets classified as investment properties are the land in Wuxi, China, which the Group subleases under operating lease. The plant and properties for sale are located in Wuxi City, Mainland China, and are subleased in the form of operating lease.

The lease term of the investment property is mainly 7 years, with an option to extend the lease term for 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.

Investment properties - the term of the sublease of the properties for sale is 1 to 3 years. The lessee does not have bargain purchase option 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 30,213	\$ 26,104	\$ 21,322
Year 2	18,578	22,142	21,924
Year 3	-	6,453	17,169
Year 4	-	-	602
	<u>\$ 48,791</u>	<u>\$ 54,699</u>	<u>\$ 61,017</u>

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

Plant and properties for sale	20 to 30 years
Right-of-use assets	50 years

The investment properties - plants and right-of-use assets 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.

The fair value of the Group's investment properties - properties for sale as of June 30, 2024 was \$195,973 thousand. The fair value thereof was based on the fair value assessment of inventories - constructing and investment properties evaluated by an independent appraiser as of December 31, 2023. Since the current market situation was not changed much, the fair value of the above evaluation was still referenceable. The valuation was based on market evidence of similar real estate transaction prices, the significant unobservable inputs used include discount rates and rent growth rates, and the fair values obtained were as follows:

Fair Value	<u>\$ 215,886</u>
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XV. Goodwill

	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Cost</u>		
Balance at January 1	\$ 173,427	\$ 181,031
Effect of foreign currency exchange differences	<u>9,850</u>	(<u>5,590</u>)
Balance at June 30	<u>\$ 183,277</u>	<u>\$ 175,441</u>

XVI. Other Assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Tax overpaid retained for offsetting future tax payable	\$ 722,234	\$ 878,958	\$ 920,805
Prepayments	144,056	52,437	37,312
Prepaid expenses	47,026	86,082	64,981
Others	<u>23,600</u>	<u>53,551</u>	<u>30,705</u>
	<u>\$ 936,916</u>	<u>\$ 1,071,028</u>	<u>\$ 1,053,803</u>
<u>Non-current</u>			
Refundable deposits	\$ 48,194	\$ 48,024	\$ 49,231
Others	<u>68,639</u>	<u>52,725</u>	<u>34,660</u>
	<u>\$ 116,833</u>	<u>\$ 100,749</u>	<u>\$ 83,891</u>

XVII. Borrowings

(I) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Line of credit borrowings	\$ 8,106,904	\$ 7,888,711	\$ 7,681,526
Line of secured borrowings	<u>190,009</u>	<u>521,162</u>	<u>-</u>
	<u>\$ 8,296,913</u>	<u>\$ 8,409,873</u>	<u>\$ 7,681,526</u>
<u>Rate of interest per annum</u> (%)			
Line of credit borrowings	1.80-8.17	3.00-7.47	3.15-6.82
Line of secured borrowings	6.98	6.17-6.94	-

(II) Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Line of credit borrowings– due in December 2024 to December 2028	\$ 4,478,873	\$ 3,582,785	\$ 4,337,244
Line of secured borrowing	<u>-</u>	<u>930,076</u>	<u>976,098</u>
	4,478,873	4,512,861	5,313,342
Less: Current portion	<u>(461,136)</u>	<u>(54,231)</u>	<u>(123,890)</u>
Long-term borrowings	<u>\$ 4,017,737</u>	<u>\$ 4,458,630</u>	<u>\$ 5,189,452</u>
<u>Rate of interest per annum</u> (%)			
Line of credit borrowings	1.80-7.39	1.60-7.19	3.45-6.93
Line of secured borrowings	-	2.20-7.10	2.25-6.39

Please refer to Note 28 for the details of long-term borrowings secured by the Group's assets.

The Corporation signed a syndicated loan of \$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 \$1.5 billion, and line B is \$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 - housing payment received in advance (recorded contractual liabilities - current)] / tangible net value) 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. Total tangible net assets (total equity - intangible assets) shall not be less than \$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.

The lines from the syndication loan have been cancelled, as the Corporation notified the lending banks for an early repayment of the drawn-down lines in April 2024. The borrowing was also repaid in May 2024.

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. To accommodate the new investment structure of the Group and needed capital from each group company, the borrowing entities have changed to Paiho Shih Holdings Corporation and Hong Kong Best Expectation International Trading Limited with adjusted credit lines of US\$70 million and US\$150 million, respectively, after the completion of contract signing in October and November in 2022. The balance of the syndication loans above have been repaid on December 28, 2023.

Hong Kong Best Expectation International Trading Limited signed a syndicated loan of US\$100 million from financial institutions including KGI Bank in December 2023, for the purpose of repaying loans from financial institutions and enriching the medium-term working capital. 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. Net debt ratio [(total debt (including lease liabilities) minus cash (excluding restricted deposits)) ÷ the tangible net assets] at least 265%, 235%, 220% and

180% on December 31, 2023, June 30, 2024, December 31, 2024 and June 30, 2025, respectively;

2. Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 2.5 times and 3 times on December 31, 2024 and June 30, 2025, respectively, and;
3. The tangible net assets [total equity - intangible assets] shall not be less than \$3.5 billion.

Furthermore, Paiho Shih Holdings Corporation commits not to dispose of any material assets or rights and not to repurchase its stocks or reduce capital without the permissions of most of the creditor banks during the loan contract period.

XVIII. Other Payables

	June 30, 2024	December 31, 2023	June 30, 2023
Payables for salaries and bonuses	\$ 580,399	\$ 720,632	\$ 508,379
Payable for dividend	297,964	-	807,928
Tax payable	67,764	46,809	37,638
Payables for compensation of employees and remuneration of directors	40,688	56,703	44,134
Payables for purchases of building and equipment	34,872	268,207	241,553
Others	321,878	367,775	312,967
	<u>\$ 1,343,565</u>	<u>\$ 1,460,126</u>	<u>\$ 1,952,599</u>

XIX. Retirement Benefit Plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023 are based on the pension cost rates under actuarial decision on December 31, 2023 and 2022. Please refer to Note 23(2).

XX. 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:

	<u>Within 1 Year</u>	<u>After 1 Year</u>	<u>Total</u>
<u>June 30, 2024</u>			
Assets			
Trade receivables	\$ -	\$ -	\$ -
Other receivables	53,442	-	53,442
Inventories – constructing	2,080,561	-	2,080,561
Other current assets	<u>77,317</u>	<u>-</u>	<u>77,317</u>
	<u>\$ 2,211,320</u>	<u>\$ -</u>	<u>\$ 2,211,320</u>
Liabilities			
Trade payables	\$ 51,736	\$ -	\$ 51,736
Other payables	26,978	-	26,978
Contractual liabilities	<u>25,277</u>	<u>-</u>	<u>25,277</u>
	<u>\$ 103,991</u>	<u>\$ -</u>	<u>\$ 103,991</u>
 <u>December 31, 2023</u>			
Assets			
Trade receivables	\$ -	\$ -	\$ -
Other receivables	141	-	141
Inventories – constructing	2,140,005	-	2,140,005
Other current assets	<u>73,720</u>	<u>-</u>	<u>73,720</u>
	<u>\$ 2,213,866</u>	<u>\$ -</u>	<u>\$ 2,213,866</u>
Liabilities			
Trade payables	\$ 64,243	\$ -	\$ 64,243
Other payables	64,668	-	64,668
Contractual liabilities	<u>3,797</u>	<u>-</u>	<u>3,797</u>
	<u>\$ 132,708</u>	<u>\$ -</u>	<u>\$ 132,708</u>
 <u>June 30, 2023</u>			
Assets			
Trade receivables	\$ 123	\$ -	\$ 123
Other receivables	1,998	-	1,998
Inventories – constructing	2,185,970	-	2,185,970
Other current assets	<u>90,005</u>	<u>-</u>	<u>90,005</u>
	<u>\$ 2,278,096</u>	<u>\$ -</u>	<u>\$ 2,278,096</u>
Liabilities			
Trade payables	\$ 86,874	\$ -	\$ 86,874
Other payables	15,913	-	15,913
Contractual liabilities	<u>2,980</u>	<u>-</u>	<u>2,980</u>
	<u>\$ 105,767</u>	<u>\$ -</u>	<u>\$ 105,767</u>

XXI. Equity

(I) Common stock

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</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 Corporation has no loss. For share capital appropriation, it is limited to a certain ratio of paid-in capital every year.

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Can be used for offsetting losses, cash distribution or capital expansion (1)</u>			
Premium from stock	\$ 615,831	\$ 615,831	\$ 615,831
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	120,647	111,914	111,914
Donation assets	545	421	421
<u>Can be used for offsetting losses</u>			
Changes in ownership interests in subsidiaries (2)	<u>5,014</u>	<u>5,014</u>	<u>-</u>
	<u>\$ 742,037</u>	<u>\$ 733,180</u>	<u>\$ 728,166</u>

1. This type of capital surplus may be used to offset losses. When the Corporation has no losses, it can also be used to make cash distribution cash or to convert to capital stock, but the amount converted to capital stock each year is subject to a certain percentage of the paid-in capital.
2. This capital surplus are the impacts from equity transactions recognized due to changes in the equity investments in subsidiaries because the Corporation has not actually acquired or disposed the equity, or the adjustment of the subsidiary's capital surplus recognized by the Corporation due to the equity method.

(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 23 (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 2023 and 2022 are as follows, respectively:

	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 60,325	\$ 149,993
Special reserve	85,599	(566,711)
Cash dividend	297,964	744,910
Cash dividend per share (NT\$)	1.0	2.5

The above-mentioned cash dividends were distributed in March 2024 and April 2023, respectively under Board resolutions, and the remaining earnings distribution items were also resolved at the shareholders' meetings in June 2024 and 2023.

(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.

XXII. Revenue and Costs

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Revenue from contracts with customers				
Revenue from sale of goods	\$ 3,721,560	\$ 2,707,641	\$ 7,247,185	\$ 5,686,604
Revenue from sale of real estate	<u>-</u>	<u>-</u>	<u>29,568</u>	<u>24,772</u>
	<u>\$ 3,721,560</u>	<u>\$ 2,707,641</u>	<u>\$ 7,276,753</u>	<u>\$ 5,711,376</u>
Operating cost				
Cost of goods sold	\$ 2,348,570	\$ 1,980,700	\$ 4,658,259	\$ 4,028,594
Cost of real estate sold	<u>-</u>	<u>1,135</u>	<u>14,600</u>	<u>16,276</u>
	<u>\$ 2,348,570</u>	<u>\$ 1,981,835</u>	<u>\$ 4,672,859</u>	<u>\$ 4,044,870</u>

Contract balances

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Contractual liabilities – current			
Sale of goods	\$ 15,275	\$ 16,629	\$ 20,160
Sales of real estate	<u>25,277</u>	<u>3,797</u>	<u>2,980</u>
	<u>\$ 40,552</u>	<u>\$ 20,426</u>	<u>\$ 23,140</u>

XXIII. Net Profit from Continuing Operations

(I) Finance costs

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Interest on bank borrowings	\$ 124,489	\$ 149,420	\$ 256,465	\$ 284,514
Interest on lease liabilities	<u>224</u>	<u>397</u>	<u>494</u>	<u>796</u>
	<u>\$ 124,713</u>	<u>\$ 149,817</u>	<u>\$ 256,959</u>	<u>\$ 285,310</u>

Information on interest capitalization is as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Capitalized interest amount	\$ 59,941	\$ 39,971	\$ 115,130	\$ 75,319
Capitalization rate (%)	6.75	1.79-6.39	6.75	1.79-6.39

(II) Employee benefit expenses, depreciation and amortization expenses

By Nature	Operating Costs	Operating Expenses and Non- operating Expenses	Total
<u>April 1 to June 30, 2024</u>			
Short-term employee benefits	\$ 547,784	\$ 354,950	\$ 902,734
Post-employment benefits			
Defined contribution plans	38,654	17,709	56,363
Defined benefit plans (Note 19)	166	3,890	4,056
Other employee benefits	46,846	19,379	66,225
Depreciation expenses	268,511	57,866	326,377
Amortization expenses	440	456	896
<u>April 1 to June 30, 2023</u>			
Short-term employee benefits	360,306	317,133	677,439
Post-employment benefits			
Defined contribution plans	37,470	2,191	39,661
Defined benefit plans (Note 19)	271	4,196	4,467
Other employee benefits	29,819	18,660	48,479
Depreciation expenses	268,787	59,060	327,847
Amortization expenses	363	570	933
<u>January 1 to June 30, 2024</u>			
Short-term employee benefits	1,046,206	705,936	1,752,142
Post-employment benefits			
Defined contribution plans	76,922	34,610	111,532
Defined benefit plans (Note 19)	496	7,616	8,112
Other employee benefits	84,653	36,565	121,218
Depreciation expenses	533,776	115,335	649,111
Amortization expenses	870	944	1,814

By Nature	Operating Costs	Operating Expenses and Non- operating Expenses	Total
<u>January 1 to June 30, 2023</u>			
Short-term employee benefits	\$ 789,899	\$ 694,176	\$ 1,484,075
Post-employment benefits			
Defined contribution plans	77,344	20,534	97,878
Defined benefit plans (Note 19)	547	8,386	8,933
Other employee benefits	70,245	36,244	106,489
Depreciation expenses	542,961	117,302	660,263
Amortization expenses	684	1,072	1,756

(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 profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors estimated from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 are as follows:

	April 1 to June 30, 2024		April 1 to June 30, 2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	2.65%	\$ 12,397	0.30%	\$ 187
Remuneration of directors	1.71%	7,991	0.19%	121

	January 1 to June 30, 2024		January 1 to June 30, 2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1.96%	\$ 17,323	1.10%	\$ 2,593
Remuneration of directors	1.26%	11,166	0.71%	1,672

If the amount of the annual consolidated financial report is still subject to changes after the date of publication, such changes shall be treated as accounting estimate changes and adjusted and recorded in the following year.

The Corporation held its board meetings on March 13, 2024 and March 15, 2023. The actual amount of the employees' compensation and remuneration of directors was different from the amount recognized in the annual consolidated financial report, and the differences were adjusted to the profit and loss for 2024 and 2023, respectively.

	2023		2022	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amount resolved in the board of directors' meeting	\$ 10,220	\$ 6,588	\$ 26,736	\$ 17,233
Amount recognized in the financial statements	\$ 10,881	\$ 7,014	\$ 26,441	\$ 17,043

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available on the Market Observation Post System website of the TWSE.

(IV) Gains or losses on foreign currency exchange

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Foreign exchange gains	\$ 31,761	\$ 42,209	\$ 67,403	\$ 83,092
Foreign exchange losses	(33,647)	(22,535)	(64,717)	(83,865)
Net gains (losses)	(\$ 1,886)	\$ 19,674	\$ 2,686	(\$ 773)

XXIV. Income Taxes Related to Continuing Operations

(I) Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Current tax				
In respect of the current period	\$ 142,504	\$ 3,949	\$ 140,862	\$ 25,161
Income tax on unappropriated earnings	5,588	57,551	5,588	57,551
Adjustment for previous years	(64,633)	6,789	(72,361)	4,625
Land value increment tax	-	27,510	13,182	29,310
	83,459	95,799	87,271	116,647
Deferred tax				
In respect of the current period	62,982	(91,891)	192,558	(83,996)
Income tax expense recognized in profit or loss	\$ 146,441	\$ 3,908	\$ 279,829	\$ 32,651

(II) Income tax recognized in other comprehensive income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Deferred tax</u>				
In respect of the period				
Translation of foreign operations	\$ 23,315	(\$ 11,439)	\$ 98,497	(\$ 4,364)

(III) Income tax verification

The tax filings for the Corporation and Spring Rich Limited as of the end of 2022 have been verified by the tax collection agency.

XXV. Earnings per Share

	Net Profit Attributable to Owners of the Corporation (Numerator)	Number of Shares (Denominator) (In Thousands)	Earnings per Share (NT\$)
<u>April 1 to June 30, 2024</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 349,041	297,964	\$ <u>1.17</u>
Effect of potentially dilutive common stock			
Employees' compensation	<u>-</u>	<u>271</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 349,041</u>	<u>298,235</u>	<u>\$ 1.17</u>
<u>April 1 to June 30, 2023</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 71,979	297,964	\$ <u>0.24</u>
Effect of potentially dilutive common stock			
Employees' compensation	<u>-</u>	<u>48</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 71,979</u>	<u>298,012</u>	<u>\$ 0.24</u>
<u>January 1 to June 30, 2024</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 681,658	297,964	\$ <u>2.29</u>
Effect of potentially dilutive common stock			
Employees' compensation	<u>-</u>	<u>345</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 681,658</u>	<u>298,309</u>	<u>\$ 2.29</u>
<u>January 1 to June 30, 2023</u>			
Basic earnings per share			
Net profit attributable to owners of the Corporation	\$ 207,320	297,964	\$ <u>0.7</u>
Effect of potentially dilutive common stock			
Employees' compensation	<u>-</u>	<u>228</u>	
Diluted earnings per share			
Net profit attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 207,320</u>	<u>298,192</u>	<u>\$ 0.7</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.

XXVI. 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>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Financial assets at FVTPL</u>			
Investments in equity instruments			
– Structured deposits	\$ -	\$ 139,974	\$ -

From January 1 to June 30, 2023, there was no transfer of fair value measurement between level 1 and level 2.

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

<u>Financial Instrument Category</u>	<u>Valuation Techniques and Inputs</u>
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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ -	\$ 139,974
Financial assets at amortized cost (Note 1)	6,876,438	6,404,339	6,376,874
<u>Financial liabilities</u>			
Financial assets at amortized cost (Note 2)	14,781,766	14,926,903	15,428,639

Note 1: The balance includes financial assets 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 at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings including current portion and guarantee deposits received.

(IV) Financial risk management objective and policies

The Group's major financial instruments include bank deposits, 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 30.

Sensitivity analysis

The Group was mainly exposed to the foreign currency rates fluctuation of USD, RMB, VND and 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 RMB, the VND 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.

Currency	Impact on Profit and Loss	
	January 1 to June 30, 2024	January 1 to June 30, 2023
USD	\$ 8,597	\$ 11,438
VND	1,302	70
RMB	1,093	680
HKD	225	187

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

In the 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Short-term borrowings	\$ 650,000	\$ -	\$ 1,767,498
Lease liabilities	35,928	38,983	47,327
Cash flow interest rate risk			
Short-term borrowings	7,646,913	8,409,873	5,914,028
Long-term borrowings (Including current portion)	4,478,873	4,512,861	5,313,342

Sensitivity analysis

The sensitivity analysis below was based on the 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 six months ended June 30, 2024 and 2023 would have decreased/increased by \$15,157 thousand and \$14,034 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a 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.

Trade receivables consisted of different customers from various industries and geographical locations. The Group continues to assess financial status of customers its accounts receivable are exposed to.

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 June 30, 2024 and December 31 and June 30, 2023, the Group had available unutilized bank loan facilities of \$7,115,470 thousand, \$8,409,091 thousand and \$14,493,199 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>June 30, 2024</u>			
No interest-bearing liabilities	\$ 837,686	\$ 934,475	\$ 233,819
Lease liabilities	4,908	4,145	32,534
Short-term borrowings	2,089,004	6,207,909	-
Long-term borrowings	<u>64,073</u>	<u>397,063</u>	<u>4,017,737</u>
	<u>\$ 2,995,671</u>	<u>\$ 7,543,592</u>	<u>\$ 4,284,090</u>
<u>December 31, 2023</u>			
No interest-bearing liabilities	\$ 1,013,620	\$ 350,964	\$ 639,585
Lease liabilities	4,709	10,745	29,290
Short-term borrowings	1,745,674	6,664,199	-
Long-term borrowings	<u>16,538</u>	<u>37,693</u>	<u>4,458,630</u>
	<u>\$ 2,780,541</u>	<u>\$ 7,063,601</u>	<u>\$ 5,127,505</u>
<u>June 30, 2023</u>			
No interest-bearing liabilities	\$ 1,667,876	\$ 316,268	\$ 449,627
Lease liabilities	4,808	13,798	35,060
Short-term borrowings	957,795	6,723,731	-
Long-term borrowings	<u>23,426</u>	<u>100,464</u>	<u>5,189,452</u>
	<u>\$ 2,653,905</u>	<u>\$ 7,154,261</u>	<u>\$ 5,674,139</u>

Additional information about the maturity analysis for lease liabilities and long-term borrowings:

	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>June 30, 2024</u>						
Lease liabilities	\$ 9,053	\$ 10,934	\$ 4,800	\$ 4,800	\$ 4,800	\$ 7,200
Long-term borrowing	<u>461,136</u>	<u>4,017,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$470,189</u>	<u>\$4,028,671</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 7,200</u>
<u>December 31, 2023</u>						
Lease liabilities	\$ 15,454	\$ 7,210	\$ 4,800	\$ 4,800	\$ 4,800	\$ 7,680
Long-term borrowing	<u>54,231</u>	<u>4,458,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,685</u>	<u>\$4,465,840</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 7,680</u>
<u>June 30, 2023</u>						
Lease liabilities	\$ 18,606	\$ 12,500	\$ 4,800	\$ 4,800	\$ 4,800	\$ 8,160
Long-term borrowing	<u>123,890</u>	<u>5,189,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$142,496</u>	<u>\$5,201,952</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 8,160</u>

XXVII. 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
Sen-Mei Cheng	Other related parties
Kuo-Ian Cheng	Other related parties
I-Ming Lin	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
Ming-Chang Chiang	Other related parties
Cheng-Wei Cheng	Other related parties

(II) Sales of goods

<u>Related Parties Category/Name</u>	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Other related parties	\$ -	\$ -	\$ -	\$ 23,506

Others refer to sale of construction assets – Paiho International Mansion at subscription price, which was based on the price approved in the local filing application form.

(III) Acquisitions of property, plant and equipment

<u>Related Parties Category/Name</u>	<u>Purchase Price</u>	
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Other related parties	\$ -	\$ 3,205

(IV) Lease agreements

<u>Accounting Item Posted</u>	<u>Related Parties Category/Name</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Lease liabilities	Other related parties	\$ 21,147	\$ 21,449	\$ 21,748

<u>Related Parties Category/Name</u>	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
<u>Interest expense</u>				
Other related parties	\$ 88	\$ 92	\$ 178	\$ 184

<u>Lease expenses (included in cost of goods sold and operating expense)</u>				
Other related parties	\$ 391	\$ 355	\$ 783	\$ 711

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

(V) Endorsements and guarantees

Acquiring endorsements and guarantees

Category/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Sen-Mei Cheng			
Endorsed Amount	\$ 2,350,000	\$ 3,910,000	\$ 4,310,000
Actual Borrowing Amount	(<u>1,250,000</u>)	(<u>1,000,000</u>)	(<u>900,000</u>)
	<u>\$ 1,100,000</u>	<u>\$ 2,910,000</u>	<u>\$ 3,410,000</u>

A portion of long- and short-term borrowing of the Corporation is endorsed by the Chairman of the Corporation.

Category/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Sen-Mei Cheng			
Endorsed amount	\$ 162,250	\$ 108,371	\$ 142,878
Actual borrowing amount	(<u>16,452</u>)	(<u>32,591</u>)	(<u>49,458</u>)
	<u>\$ 145,798</u>	<u>\$ 75,780</u>	<u>\$ 93,420</u>

A portion of long-term borrowing of the subsidiary is endorsed by the Chairman of the Corporation.

Category/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Cheng-Tsung Cheng			
Endorsed amount	\$ -	\$ -	\$ 93,420
Actual borrowing amount	<u>-</u>	<u>-</u>	(<u>93,420</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A portion of short term borrowing of the subsidiary is endorsed by the Chairman of the subsidiary.

Category/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Kuo-Ian Cheng			
Endorsed amount	\$ 11,804,358	\$ 11,636,440	\$ 15,652,234
Actual borrowing amount	(<u>9,320,165</u>)	(<u>9,694,337</u>)	(<u>10,517,674</u>)
	<u>\$ 2,484,193</u>	<u>\$ 1,942,103</u>	<u>\$ 5,134,560</u>

A portion of long- and short-term borrowing of the subsidiary is endorsed by the Chairman of the subsidiary.

(VI) Compensation of key management personnel

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Short-term employee benefits	\$ 45,069	\$ 12,483	\$ 80,309	\$ 33,269
Post-employment benefits	<u>129</u>	<u>15</u>	<u>242</u>	<u>296</u>
	<u>\$ 45,198</u>	<u>\$ 12,498</u>	<u>\$ 80,551</u>	<u>\$ 33,565</u>

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

XXVIII. Pledged Assets as Collateral or for Security

The following assets of the Group have been provided as collateral for long-term borrowings, bank guarantees and the power company's guarantee funds:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets at amortized cost	\$ 129,380	\$ 342,815	\$ 79,461
Property, plant and equipment	<u>-</u>	<u>681,702</u>	<u>434,707</u>
	<u>\$ 129,380</u>	<u>\$ 1,024,517</u>	<u>\$ 514,168</u>

XXIX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group at June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

(I) The Group's unrecognized commitments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 283,661</u>	<u>\$ 742,325</u>	<u>\$ 962,042</u>

(II) 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.

(III) 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.

XXX. 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 of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	June 30, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 27,174	32.450	\$ 881,796	\$ 42,010	30.705	\$ 1,289,917
VND	409,635,805	0.00130	532,527	58,959,789	0.00128	75,338
RMB	28,593	4.445	127,096	6,300	4.327	27,260
HKD	7,552	4.155	31,379	5,647	3.929	22,187
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
VND	309,489,270	0.00130	402,336	268,615,772	0.00128	343,231
USD	682	32.450	22,131	2,597	30.705	79,741
	June 30, 2023					
	Foreign Currency	Exchange Rate	NTD			
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 39,702	31.14	\$ 1,236,320			
RMB	16,479	4.282	70,563			
VND	36,074,016	0.0013	47,257			
HKD	4,709	3.974	18,714			
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	2,970	31.14	92,486			
VND	30,718,648	0.0013	40,241			

The Group is primarily exposed to risks of foreign currency exchange rates of USD, RMB, VND, and HKD. The information below is based on functional currencies of the entities in the Group against USD, RMB, VND, and HKD. The disclosed exchange rates indicate the rates to exchange the functional currency to presentation currency.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	April 1 to June 30, 2024		April 1 to June 30, 2023	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1	\$ 5,600	1	\$ 8,557
USD	32.355	(14,020)	30.705	(7,938)
RMB	4.458	6,545	4.374	14,083
HKD	4.138	(11)	3.916	(80)
VND	-	-	0.00129	5,052
		<u>(\$ 1,886)</u>		<u>\$ 19,674</u>

Functional Currency	January 1 to June 30, 2024		January 1 to June 30, 2023	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1	\$ 24,682	1	\$ 5,820
USD	31.901	(31,809)	30.55	(8,491)
RMB	4.412	9,854	4.408	7,888
HKD	4.080	(41)	3.8970	(52)
VND	-	-	0.00129	(5,938)
		<u>\$ 2,686</u>		<u>(\$ 773)</u>

XXXI. Separately Disclosed Items

- (I) Information about significant transactions and (II) investees:
1. Financing provided to others: See Table 1.
 2. Endorsement/guarantee provided: See Table 2.
 3. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): None.
 4. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. See Table 3.
 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, investment income or loss recognized, carrying amount of the investment at the year end, 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 purchase 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 receivable 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 period and the purposes: See Table 2.
 - (5) The highest balance, the end of period 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 on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% or more: None.

XXXII. 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 is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	January 1 to June 30, 2024	January 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Production	\$ 7,247,185	\$ 5,686,604	\$ 1,317,507	\$ 370,333
Powder Coating	-	-	-	(122)
Construction	<u>29,568</u>	<u>24,772</u>	(<u>50,724</u>)	(<u>47,070</u>)
Total from continuing operations	<u>\$ 7,276,753</u>	<u>\$ 5,711,376</u>	1,266,783	323,141
Interest income			31,327	25,475
Other income and benefits			44,223	42,472
Net gain (loss) on foreign exchange			2,686	(773)
Finance costs			(256,959)	(285,310)
Other expenses and losses			(<u>31,390</u>)	(<u>65,524</u>)
Profit before income tax			<u>\$ 1,056,670</u>	<u>\$ 39,481</u>

Segment profit represented the profit earned by each segment without interest income, subsidy revenue, net gain (loss) on disposal of property, plant and equipment, net gain (loss) on foreign exchange, financing costs 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 June 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Item	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	Actual Borrowing Amount (Notes 5 and 8)	Interest Rate Range	Nature of Financing (Note 7)	Business Transaction Amount	Reason for Necessary Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 2)	Aggregate Financing Limit (Notes 1 and 2)
													Name	Value		
1	Paiho Int'l Limited	Vietnam Paiho Limited	Receivable from related parties	Y	\$ 190,805 (USD 6,668)	\$ 173,153 (USD 5,336)	\$ 173,153 (USD 5,336)	3.75%-4.2%	Necessary for long-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 7,415,978	\$ 7,415,978
		PT. Paiho Indonesia	Receivable from related parties	Y	370,675 (USD 12,000)	292,050 (USD 9,000)	259,600 (USD 8,000)	3.75%-4.2%	Necessary for long-term financing	-	Operating capital	-	-	-	7,415,978	7,415,978
2	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	Receivable from related parties	Y	2,236,300 (USD 70,000)	2,271,500 (USD 70,000)	1,947,000 (USD 60,000)	3-month USD TAIFX rate plus 1.1%, and 3-month USD TAIFX rate plus 1%	Necessary for short-term financing	-	Operating capital	-	-	-	2,476,932	2,476,932
3	Thomas Dynamic Material (Jiangsu) Co., Ltd	Wuxi Paihong Real Estate Co., Ltd	Receivable from related parties	Y	483,350 (RMB 110,000)	133,350 (RMB 30,000)	44,450 (RMB 10,000)	3.5%-4.2%	Necessary for short-term financing	-	Operating capital	-	-	-	1,741,385	1,741,385
4	Wuxi Paiwei Biotechnology Co. Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd	Receivable from related parties	Y	65,475 (RMB 15,000)	66,675 (RMB 15,000)	-	-	Necessary for short-term financing	-	Operating capital	-	-	-	79,127	79,127
5	Hon Shin Corp	Vietnam Paihong Limited Company	Receivable from related parties	Y	303,063 (USD 9,500)	210,925 (USD 6,500)	210,925 (USD 6,500)	3-month USD TAIFX rate plus 1.1%, and 3-month USD TAIFX rate plus 1%	Necessary for short-term financing	-	Operating capital	-	-	-	343,939	343,939
		Paiho Shih Holdings Corporation	Receivable from related parties	Y	97,590 (USD 3,000)	97,350 (USD 3,000)	97,350 (USD 3,000)	3-Month USD TAIFX interest rate plus 1%	Necessary for short-term financing	-	Operating capital	-	-	-	343,939	343,939
6	Dongguan Paihong Industry Co., Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd	Receivable from related parties	Y	218,250 (RMB 50,000)	222,250 (RMB 50,000)	-	-	Necessary for short-term financing	-	Operating capital	-	-	-	961,650	961,650
		Wuxi Paihong Real Estate Co., Ltd	Receivable from related parties	Y	440,600 (RMB 100,000)	444,500 (RMB 100,000)	280,035 (RMB 63,000)	3.7%	Necessary for long-term financing	-	Operating capital	-	-	-	2,404,125	2,404,125
		Hong Kong Best Expectation International Trading Limited	Receivable from related parties	Y	883,400 (RMB 200,000)	889,000 (RMB 200,000)	-	-	Necessary for long-term financing	-	Operating capital	-	-	-	2,404,125	2,404,125

Note 1: For borrowers with 50% or more voting shares directly or indirectly owned by the Corporation, Paiho Shih Holdings Corporation and Thomas Dynamic Material (Jiangsu) Co., Ltd., the financing limit for each borrower and aggregate financing limit is 40% of the net worth of the lender.

Note 2: The individual limit and total limit of the loan from Hon Shin Corp to Paiho Shih Holdings Corporation shall be no more than the net worth of Hon Shin Corp.

Note 3: The financing limit and aggregate financing limit from Dongguan Paihong Industry Co., Ltd to Thomas Dynamic Material (Jiangsu) Co., Ltd shall be no more than 40% of the net worth of Dongguan Paihong Industry Co., Ltd.

Note 4: The financing limit and aggregate financing limit from Wuxi Paiwei Biotechnology Co. Ltd. to Thomas Dynamic Material (Jiangsu) Co., Ltd shall be no more than 40% of the net worth of Wuxi Paiwei Biotechnology Co. Ltd.

Note 5: 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 6: The highest New Taiwan dollar balance accumulated as of the current month is calculated by multiplying the highest foreign currency balance in the month of occurrence by the exchange rate of New Taiwan dollar on the day of occurrence.

Note 7: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 8: The highest balance accumulated as of the current month and the ending balance were loans approved by the board of directors.

Note 9: 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 Corporation and Paiho Shih Holdings Corporation holds, directly or indirectly, 100% of the voting shares.

Note 10: Significant intercompany accounts and transactions have been eliminated.

Table 2
TAIWAN PAIHO LIMITED AND SUBSIDIARIES
Endorsement/Guarantee Provided
January 1 to June 30, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Name of Endorser/ Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given to Each Entity (Note 2)	Highest Endorsement Guarantee Balance for the Current Period (Note 4)	Endorsement/ Guarantee Balance at the End of the Period (Note 5)	Actual Borrowing 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)	\$ 29,720,063	\$ 63,185 (USD 2,000)	\$ 64,900 (USD 2,000)	\$ -	\$ -	0.55%	\$ 47,552,100	Y	—	—
		Zhong Yuan Xing Ye Company Ltd	(Note 1)	29,720,063	31,765 (USD 1,000)	32,450 (USD 1,000)	-	-	0.27%	47,552,100	Y	—	—
		PT. Paiho Indonesia	(Note 1)	29,720,063	2,710,335 (USD 85,000)	2,498,650 (USD 77,000)	649,000 (USD 20,000)	-	-	21.02%	47,552,100	Y	—
1	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 1)	15,480,823	7,565,955 (USD 240,000)	6,392,650 (USD 197,000)	5,089,555 (USD 156,843)	64,900 (USD 2,000)	103.23%	24,769,316	—	—	—
		Hong Kong Best Expectation International Trading Limited	(Note 1)	15,480,823	2,860,650 (USD 90,000)	2,920,500 (USD 90,000)	2,920,500 (USD 90,000)	-	-	47.16%	24,769,316	—	—

Note 1: The relationship of endorsement/guarantee party and endorsee/guaranteed party should be the Corporation 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 250% of the net worth 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 400% of the net worth of the Corporation and Paiho Shih Holdings Corporation, respectively.

Note 4: The highest New Taiwan dollar balance accumulated as of the current month is calculated by multiplying the highest foreign currency balance in 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 Acquired and Disposed at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital

January 1 to June 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Type and Name of Marketable Securities	Accounting Subject	Counterparty	Relationship	Beginning Balance (Note 2)		Purchase		Sale				Ending Balance (Notes 2 and 3)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Value	Disposal Benefits	Number of Shares	Amount
The Corporation	Stock	Investments accounted for using the equity method	Paiho Int'l Limited	Subsidiary	14,368,565	\$ 6,871,064	10,000,000	\$ 310,950	-	\$ -	\$ -	\$ -	24,368,565	\$ 7,830,634
Paiho Int'l Limited	Stock	Investments accounted for using the equity method	Paiho Shih Holdings Corporation	Subsidiary	170,764,015	2,528,134	28,483,284	511,719	-	-	-	-	199,247,299	3,208,695
Shanghai Best Expectation Textile Trading Limited	Stock	Investments accounted for using the equity method	Hong Kong Best Expectation International Trading Limited	Subsidiary	85,063,700	(233,900) (USD 7,621)	10,000,000	319,015 (USD 10,000)	-	-	-	-	95,063,700	(145,863) (USD 4,495)
Hong Kong Best Expectation International Trading Limited	Equity	Investments accounted for using the equity method	Vietnam Paihong Limited Company	Subsidiary	-	2,430,934 (USD 79,171)	-	319,015 (USD 10,000)	-	-	-	-	-	2,696,813 (USD 83,107)

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: The beginning and ending amounts include the share of profits and losses of subsidiaries recognized by the equity method and the exchange differences on translating foreign operations.

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

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 June 30, 2024

(In Thousands of Foreign Currency)

Acquiring Company	Asset Name	Transaction Date or Occurrence Date	Transaction 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, May 19, 2022 and January 6, 2023	RMB 140,756	As of June 30, 2024, RMB139,914 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 25, 2022 and May 10, 2022	VND 2,098,996,539	As of June 30, 2024, VND2,096,399,000 had been paid	Newtecons Investment Construction Joint Stock Company	—	—	—	—	-	Refer to market price and set out by mutual agreement	Operating purpose	—
Vietnam Paihong Limited Company	Construction in progress	August 25, 2022	VND 254,164,430	As of June 30, 2024, VND254,164,430 had been paid	Acter Group Corporation Limited	—	—	—	—	-	Refer to market price and set out by mutual agreement	Operating purpose	—
PT. Paiho Indonesia	Construction in progress	April 14, 2022, July 25, 2022 and November 15, 2022	IDR 184,700,000	As of June 30, 2024, IDR177,140,000 had been paid	PT. Mega Dunia Konstruksindo	—	—	—	—	-	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 June 30, 2024

(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)	Purchase/ Sale %	Payment Terms	Unit Price	Credit Period	Balance (Note 2)	Percentage of Total Notes and Trade Receivable (Payable)	
The Corporation	Hong Kong Best Expectation International Trading Limited	(Note 1)	(Sales)	\$ 119,261	(8%)	About 3 months	At the Corporation's cost plus 15% or at market price	About 3 months	\$ 82,964	16%	—
Vietnam Paiho Limited	He Mei Xing Ye Company Ltd	(Note 1)	(Sales)	283,514 (USD 8,887)	(15%)	About 3 months	Use market price	About 3 months	43,580 (USD 1,343)	9%	—
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	(Note 1)	(Sales)	218,526 (USD 6,109) (NTD 24,102)	(24%)	About 3 months	Use market price or purchase cost mark up 10% of Hong Kong Best Expectation International Trading Limited	About 3 months	-	-	—
Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(Note 1)	(Sales)	159,687 (USD 5,006)	(20%)	About 3 months	Use market price or sales 85% of Hong Kong Best Expectation International Trading Limited	About 3 months	68,045 (USD 2,097)	23%	—
Dongguan Paihong Industry Co., Ltd	Hong Kong Best Expectation International Trading Limited	(Note 1)	(Sales)	110,762 (RMB 25,105)	(7%)	About 3 months	Use market price or sales 85% of Hong Kong Best Expectation International Trading Limited	About 3 months	59,881 (RMB 13,472)	9%	—

Note 1: Refer to Note 11 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

June 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party (Note 3)	Relationship	Ending Balance (Note 1)	Turnover Rate	Amount of Overdue Receivables from Related Parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Method of Treatment		
Paiho Int'l Limited	PT. Paiho Indonesia	(Note 2)	\$ 261,774	-	\$ -	—	\$ 2,174	\$ -
	Vietnam Paiho Limited	(Note 2)	(USD 8,067)	-	-	—	(USD 67)	-
Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 2)	174,970	-	-	—	23,332	-
	Dongguan Paihong Industry Co., Ltd	(Note 2)	(USD 5,392)	-	-	—	(USD 719)	-
Hon Shin Corp	Vietnam Paihong Limited Company	(Note 2)	1,968,846	-	-	—	12,459	-
	Wuxi Paihong Real Estate Co., Ltd	(Note 2)	(USD 60,673)	-	-	—	(USD 384)	-
			286,016	-	-	—	-	-
			(RMB 64,346)	-	-	—	-	-
			211,155	-	-	—	-	-
			(USD 6,507)	-	-	—	-	-

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

Note 2: Refer to Note 11 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 June 30, 2024

(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	He Mei Xing Ye Company Ltd	(1)	Sales	\$	85,905	About 3 months	1
		Vietnam Paiho Limited	(1)	Sales		62,208	About 3 months	1
		Zhong Yuan Xing Ye Company Ltd	(1)	Sales		35,744	About 3 months	1
		Hong Kong Best Expectation International Trading Limited	(1)	Sales		119,261	About 3 months	2
1	Paiho Int'l Limited	Vietnam Paiho Limited	(1)	Receivable from related parties	USD	5,392	—	1
		PT. Paiho Indonesia	(1)	Receivable from related parties	USD	8,067	—	1
2	Dongguan Paihong Industry Co., Ltd	Wuxi Paihong Real Estate Co., Ltd	(3)	Receivable from related parties	RMB	64,346	—	1
		Hong Kong Best Expectation International Trading Limited	(1)	Sales	RMB	25,105	About 3 months	2
3	Zhong Yuan Xing Ye Company Ltd	PT. Paiho Indonesia	(3)	Sales	USD	1,824	About 3 months	1
4	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(1)	Receivable from related parties	USD	60,673	—	6
5	Vietnam Paiho Limited	He Mei Xing Ye Company Ltd.	(2)	Sales	USD	8,887	About 3 months	4
		Paiho North America Corporation.	(3)	Sales	USD	1,748	About 3 months	1
6	Hon Shin Corp	Vietnam Paihong Limited Company	(3)	Receivable from related parties	USD	6,507	—	1
7	Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	(1)	Sales	USD	6,109	About 3 months	3
8	Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(2)	Sales	NTD	24,102	About 3 months	2
					USD	5,006		

Note 1: Relationship with the trader: (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 June 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company (Note 3)	Location	Main Businesses and Products	Original Investment Amount		Holding at the End of the Period			Net Profit (Loss) of the Investee in the Current Period	Profit (Loss) Recognized in the Current Period (Note 3)	Remark
				June 30, 2024	December 31, 2023	Number of Shares	Ratio	Carrying Amount (Note 3)			
The Corporation	Paiho Int'l Limited	British Virgin Islands	International investment	\$ 822,163	\$ 511,213	24,368,565	100%	\$ 7,830,634	\$ 534,380	\$ 541,932	Subsidiary
	Paiho Group Inc.	British Virgin Islands	International investment	338,385	338,385	8,567,663	100%	348,177	4,789	4,789	Subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	536,266	536,266	178,200	99%	1,442,960	70,789	70,081	Subsidiary
	Paiho North America Corporation	California, USA	Sales of touch fasteners and various type of webbings	266,330	266,330	800,000	100%	313,807	21,822	21,822	Subsidiary
	Spring Rich Limited	Changhua County, Taiwan	Extra processing of webbings	3,000	3,000	-	100%	6,504	189	189	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%	1,728,469	346,705	114,309	Indirect subsidiary of subsidiary
Paiho Int'l Limited	Paiho Shih Holdings Corporation	British Cayman Islands	International investment	USD 39,197	USD 22,869	199,247,299	50%	3,208,695	190,233	(Note 1)	Indirect subsidiary
	He Mei Xing Ye Company Ltd	British Samoa	International investment and trade	USD 16,263	USD 16,263	23,636,140	100%	3,664,298	431,827	(Note 1)	Indirect subsidiary
	Zhong Yuan Xing Ye Company Ltd	British Samoa	International trade	USD 5,760	USD 5,760	5,760,000	100%	51,941	1,399	(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%	14,575	70,789	(Note 1)	Subsidiary
He Mei Xing Ye Company Ltd.	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%	3,514,082	346,705	(Note 1)	Indirect subsidiary of subsidiary
Paiho Group Inc	Paiho Holdings Limited	British Virgin Islands	International investment	338,385	338,385	8,567,663	100%	348,174	4,789	(Note 1)	Indirect subsidiary
Paiho Holdings Limited	Braits Company Limited	British Virgin Islands	International investment	256,198	256,198	6,601,385	100%	345,540	4,912	(Note 1)	Indirect subsidiary of subsidiary
Paiho Shih Holdings Corporation	Hong Kong Antex Limited	Hong Kong	International investment	USD 54,335	USD 54,335	54,334,644	100%	4,280,599	142,521	(Note 1)	Indirect subsidiary of subsidiary
	Hon Shin Corp	British Samoa	International investment and trade	USD 20,000	USD 20,000	20,000,000	100%	355,132	12,434	(Note 1)	Indirect subsidiary of subsidiary
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	Binh Duong, Vietnam	Production and sale of mesh cloth and other cloth	USD 175,000	USD 165,000	-	100%	2,696,813	(193,448)	(Note 1)	Indirect subsidiary under several layers of holding
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Hong Kong	International investment and trade	USD 95,064	USD 85,064	95,063,700	100%	(145,863)	(219,305)	(Note 1)	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 June 30, 2024

(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	Remittance of Funds		Cumulative Investment Amount Remitted out from Taiwan at the End of the Period	Net Profit (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 9)	Carrying Amount at the End of the Period (Note 9)	Accumulated Repatriation of Investment Income as of the End of the Current Period (Note 8)
					Outward	Inward						
Dongguan Paiho Business Service Co., Ltd	Non-residential property leasing	\$ 153,224 (RMB 34,471)	(Note 1)	\$ -	\$ -	\$ -	\$ -	\$ 1,431	100%	\$ 1,431	\$ 156,835	\$ 1,214,739
Thomas Dynamic Material (Jiangsu) Co., Ltd (Note 7)	Processing of touch fasteners, webbing and embroidery	1,709,513 (RMB 384,592)	(Note 1)	511,620	-	-	511,620	157,504	50%	78,453	2,302,852	481,171
Wuxi Paisen Commerce Co., Ltd	Non-residential property leasing	241,941 (RMB 54,430)	(Note 1)	258,391	-	-	258,391	4,968	100%	4,968	341,181	17,598
Dongguan Paihong Industry Co., Ltd (Note 7)	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc	1,586,988 (RMB 357,028)	(Note 1)	141,664	-	-	141,664	208,308	50%	103,447	1,239,337	195,107
Wuxi Paihong Real Estate Co., Ltd (Note 7)	Commercial housing management, planning, consulting, and property sales, development, leasing, design and decoration	1,689,100 (RMB 380,000)	(Note 1)	(Note 2)	-	-	-	(25,967)	50%	(12,936)	1,274,095	-
Wuxi Paiwei Biotechnology Co. Ltd (Note 7)	Production and sales of masks and non-woven fabrics	577,850 (RMB 130,000)	(Note 1)	(Note 3)	-	-	-	(888)	50%	(444)	101,123	-
Shanghai Best Expectation Textile Trading Limited (Note 7)	International investment and trade	3,080,385 (RMB 693,000)	(Note 1)	(Note 4)	-	-	-	(215,196)	50%	(107,493)	(58,008)	-

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
(\$ 486,613)(Note 8)	\$ 99,496 (USD 3,066)	No upper limit (Note 5)

Note 1: Refer to Note 11 of the consolidated financial statements.

Note 2: The investment project is funded by Thomas Dynamic Material (Jiangsu) Co., Ltd.

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

Note 4: The investment project is funded by Thomas Dynamic Material (Jiangsu) Co., Ltd and Dongguan Paihong Industry Co., Ltd.

Note 5: 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 6: 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 7: With the reference to the reviewed financial statements of the parent company.

Note 8: 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 9: Significant intercompany accounts and transactions have been eliminated.