

Taiwan Paiho Limited and subsidiaries

Consolidated Financial Statements
and CPA Review Report

Q3, 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 September 30, 2024 and 2023, the consolidated statements of comprehensive income from July 1 to September 30, 2024 and 2023 and from January 1 to September 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 September 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 September 30, 2024 and 2023 are NT\$3,803,305 thousand and NT\$3,395,033 thousand respectively, accounting for 11% and 10% of the respective total consolidated assets; the total liabilities are NT\$1,474,665 thousand and NT\$808,612 thousand respectively, accounting for 8% and 4% of the total consolidated liabilities

respectively; the total comprehensive profit and loss from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 is NT\$167,097 thousand, NT\$87,093 thousand, NT\$391,290 thousand and NT\$144,635 thousand respectively, accounting for 41%, 16%, 24% and 34% of the total consolidated comprehensive profit 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 September 30, 2024 and 2023, the consolidated financial performance from July 1 to September 30, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to September 30, 2024 and 2023.

Deloitte & Touche

Taiwan

Ting-Chien, Su CPA

Shao-Chun Wu, CPA

November 7, 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

September 30, 2024 and December 31 and September 30, 2023

(In Thousands of New Taiwan Dollars)

Code	Asset	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 4,212,231	13	\$ 3,761,089	12	\$ 4,412,202	13
1110	Financial assets at fair value through profit and loss – current (Note 7)	-	-	-	-	145,983	-
1136	Financial assets measured at amortized cost – current (Notes 8 and 28)	40,648	-	330,063	1	332,116	1
1150	Notes receivable (Note 9)	61,183	-	73,219	-	80,393	-
1170	Accounts receivable (Note 9)	2,876,200	8	1,992,075	6	2,354,424	7
1200	Other receivables	222,551	1	187,117	1	218,095	1
1310	Inventory – manufacturing (Note 10)	2,627,295	8	2,655,910	9	2,679,126	8
1320	Inventory – constructing (Note 10)	1,903,372	6	2,140,005	7	2,218,211	7
1470	Other current assets (Note 16)	874,877	2	1,071,028	3	990,770	3
11XX	Total current assets	<u>12,818,357</u>	<u>38</u>	<u>12,210,506</u>	<u>39</u>	<u>13,431,320</u>	<u>40</u>
	Non-current assets						
1535	Financial assets measured at amortized cost – non-current (Notes 8 and 28)	65,415	-	12,752	-	75,122	-
1600	Property, plant and equipment (Notes 12, 27, and 28)	14,775,213	44	17,008,859	54	17,384,288	52
1755	Right-of-use assets (Notes 13 and 27)	1,285,071	4	1,444,605	4	1,508,010	5
1760	Investment property (Notes 13 and 14)	3,595,453	11	222,873	1	199,347	1
1805	Goodwill (Note 15)	179,657	1	173,427	-	182,033	1
1821	Other intangible assets	21,481	-	21,016	-	28,424	-
1840	Deferred income tax assets (Notes 24)	176,433	1	274,528	1	214,180	1
1915	Prepayment for machinery and equipment	291,713	1	204,084	1	159,739	-
1995	Other non-current assets (Note 16)	114,277	-	100,749	-	92,796	-
15XX	Total non-current assets	<u>20,504,713</u>	<u>62</u>	<u>19,462,893</u>	<u>61</u>	<u>19,843,939</u>	<u>60</u>
1XXX	Total assets	<u>\$ 33,323,070</u>	<u>100</u>	<u>\$ 31,673,399</u>	<u>100</u>	<u>\$ 33,275,259</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2102	Short-term borrowings (Note 17)	\$ 8,212,221	25	\$ 8,409,873	27	\$ 8,823,936	27
2130	Contractual liabilities – current (Notes 22 and 27)	23,622	-	20,426	-	25,695	-
2150	Notes payable	58,030	-	82,499	-	86,338	-
2170	Trade payables	581,915	2	445,898	1	477,275	1
2200	Other payables (Note 18)	1,328,185	4	1,460,126	5	1,234,111	4
2230	Current tax liabilities (Note 24)	357,960	1	942,426	3	894,898	3
2280	Lease liabilities – current (Notes 13 and 27)	16,001	-	14,806	-	18,758	-
2320	Current portion of long-term borrowings (Notes 17 and 28)	530,245	1	54,231	-	316,348	1
2399	Other current liabilities	44,534	-	43,430	-	16,855	-
21XX	Total current liabilities	<u>11,152,713</u>	<u>33</u>	<u>11,473,715</u>	<u>36</u>	<u>11,894,214</u>	<u>36</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 17 and 28)	3,953,840	12	4,458,630	14	5,316,196	16
2570	Deferred income tax liabilities (Notes 24)	1,766,958	5	1,469,149	5	1,563,090	5
2580	Lease liabilities – non-current (Notes 13 and 27)	182,920	1	24,177	-	25,678	-
2630	Deferred revenue – non-current	116,505	-	117,007	-	121,269	-
2640	Net defined benefit liabilities – non-current (Note 19)	183,249	1	213,943	1	206,009	1
2645	Guarantee deposits received	19,860	-	15,646	-	15,700	-
25XX	Total non-current liabilities	<u>6,223,332</u>	<u>19</u>	<u>6,298,552</u>	<u>20</u>	<u>7,247,942</u>	<u>22</u>
2XXX	Total liabilities	<u>17,376,045</u>	<u>52</u>	<u>17,772,267</u>	<u>56</u>	<u>19,142,156</u>	<u>58</u>
	Equity attributable to owners of the Company						
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	6,637,263	20	5,943,338	19	5,802,318	17
3400	Other equity interest	(6,780)	-	(255,987)	(1)	18,261	-
31XX	Total equity attributable to owners of the Company	<u>12,660,116</u>	<u>38</u>	<u>11,562,203</u>	<u>37</u>	<u>11,690,417</u>	<u>35</u>
36XX	Non-controlling interests	<u>3,286,909</u>	<u>10</u>	<u>2,338,929</u>	<u>7</u>	<u>2,442,686</u>	<u>7</u>
3XXX	Total equity	<u>15,947,025</u>	<u>48</u>	<u>13,901,132</u>	<u>44</u>	<u>14,133,103</u>	<u>42</u>
	Total liabilities and equity	<u>\$ 33,323,070</u>	<u>100</u>	<u>\$ 31,673,399</u>	<u>100</u>	<u>\$ 33,275,259</u>	<u>100</u>

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

(Please refer to the review report of Deloitte Taiwan dated November 7, 2024.)

President: Sen-Mei Cheng

General Manager: Cheng-Yi Cheng

Accounting Supervisor: Yao-Ta Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Statements of Comprehensive Income
July 1 to September 30, 2024 and 2023 and January 1 to September 30, 2024 and 2023

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

Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes 22 and 27)	\$ 4,319,727	100	\$ 3,576,684	100	\$ 11,596,480	100	\$ 9,288,060	100
5000	Operating cost (Notes 10, 22, 23 and 27)	<u>2,665,351</u>	<u>62</u>	<u>2,385,853</u>	<u>66</u>	<u>7,338,210</u>	<u>63</u>	<u>6,430,723</u>	<u>69</u>
5950	Gross profit	<u>1,654,376</u>	<u>38</u>	<u>1,190,831</u>	<u>34</u>	<u>4,258,270</u>	<u>37</u>	<u>2,857,337</u>	<u>31</u>
	Operating expense (Notes 23 and 27)								
6100	Sales and marketing expenses	334,461	7	331,773	9	957,179	8	939,076	10
6200	General and administrative expenses	254,418	6	244,088	7	739,279	7	701,958	8
6300	Research and development expenses	134,248	3	129,312	4	372,134	3	387,561	4
6450	Expected credit impairment loss (Profit) (Note 9)	(4,134)	-	4,178	-	(12,488)	-	24,121	-
6000	Total operating expense	<u>718,993</u>	<u>16</u>	<u>709,351</u>	<u>20</u>	<u>2,056,104</u>	<u>18</u>	<u>2,052,716</u>	<u>22</u>
6900	Operating income	<u>935,383</u>	<u>22</u>	<u>481,480</u>	<u>14</u>	<u>2,202,166</u>	<u>19</u>	<u>804,621</u>	<u>9</u>
	Non-operating income and expense								
7010	Allowance income	4,625	-	2,759	-	15,260	-	12,570	-
7050	Financial costs (Notes 23 and 27)	(183,214)	(4)	(160,204)	(4)	(440,173)	(4)	(445,514)	(5)
7100	Interest income	11,331	-	12,205	-	42,658	-	37,680	-
7190	Other income	20,446	1	29,887	1	53,851	1	62,548	1
7590	Other expenses (Note 23)	(23,006)	(1)	(27,836)	(1)	(54,213)	-	(93,360)	(1)
7230	Net foreign exchange profit (Note 23)	<u>10,266</u>	<u>-</u>	<u>5,076</u>	<u>-</u>	<u>12,952</u>	<u>-</u>	<u>4,303</u>	<u>-</u>
7000	Non-operating income and expense Total	<u>(159,552)</u>	<u>(4)</u>	<u>(138,113)</u>	<u>(4)</u>	<u>(369,665)</u>	<u>(3)</u>	<u>(421,773)</u>	<u>(5)</u>
7900	Net income before tax	775,831	18	343,367	10	1,832,501	16	382,848	4
7950	Income tax expense (Note 24)	<u>250,877</u>	<u>6</u>	<u>96,095</u>	<u>3</u>	<u>530,706</u>	<u>5</u>	<u>128,746</u>	<u>1</u>
8200	Net profit for the period	<u>524,954</u>	<u>12</u>	<u>247,272</u>	<u>7</u>	<u>1,301,795</u>	<u>11</u>	<u>254,102</u>	<u>3</u>
	Other comprehensive income								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating foreign operations	(157,980)	(4)	340,571	9	393,024	3	213,300	2
8399	and income tax related to items likely to be reclassified to profit or loss (Note 24)	<u>36,195</u>	<u>1</u>	<u>(51,526)</u>	<u>(1)</u>	<u>(62,302)</u>	<u>-</u>	<u>(47,162)</u>	<u>-</u>
		<u>(121,785)</u>	<u>(3)</u>	<u>289,045</u>	<u>8</u>	<u>330,722</u>	<u>3</u>	<u>166,138</u>	<u>2</u>
8500	Total comprehensive income for the period	<u>\$ 403,169</u>	<u>9</u>	<u>\$ 536,317</u>	<u>15</u>	<u>\$ 1,632,517</u>	<u>14</u>	<u>\$ 420,240</u>	<u>5</u>
	Net profit attributable to:								
8610	Owners of the Company	\$ 456,155	10	\$ 254,907	7	\$ 1,137,813	10	\$ 462,227	5
8620	Non-controlling interests	<u>68,799</u>	<u>2</u>	<u>(7,635)</u>	<u>-</u>	<u>163,982</u>	<u>1</u>	<u>(208,125)</u>	<u>(2)</u>
8600		<u>\$ 524,954</u>	<u>12</u>	<u>\$ 247,272</u>	<u>7</u>	<u>\$ 1,301,795</u>	<u>11</u>	<u>\$ 254,102</u>	<u>3</u>
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 311,376	7	\$ 461,012	13	\$ 1,387,020	12	\$ 650,876	7
8720	Non-controlling interests	<u>91,793</u>	<u>2</u>	<u>75,305</u>	<u>2</u>	<u>245,497</u>	<u>2</u>	<u>(230,636)</u>	<u>(2)</u>
8700		<u>\$ 403,169</u>	<u>9</u>	<u>\$ 536,317</u>	<u>15</u>	<u>\$ 1,632,517</u>	<u>14</u>	<u>\$ 420,240</u>	<u>5</u>
	Earnings per share (Note 25)								
9750	Basic	<u>\$ 1.53</u>		<u>\$ 0.86</u>		<u>\$ 3.82</u>		<u>\$ 1.55</u>	
9850	Diluted	<u>\$ 1.53</u>		<u>\$ 0.86</u>		<u>\$ 3.81</u>		<u>\$ 1.55</u>	

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the review report of Deloitte Taiwan dated November 7, 2024.)

President: Sen-Mei Cheng

General Manager: Cheng-Yi Cheng

Accounting Supervisor: Yao-Ta Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Company (Note 21)						Other equity		
		Common Stock	Capital surplus	Retained earnings			Exchange differences on translating foreign operations	Total	Non-Controlling Interests	Total Equity
Code				Legal Reserve	Special Reserve	Unappropriated Earnings				
A1	Balance on January 01, 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	From donations and gifts	-	82	-	-	-	-	82	-	82
	Appropriation and distribution of earnings in 2022									
B1	Legal reserve	-	-	149,993	-	(149,993)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(744,910)	-	(744,910)	-	(744,910)
B17	Reversal of special reserve	-	-	-	(566,711)	566,711	-	-	-	-
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	(30,509)	(30,509)
D1	Net profit from January 1 to September 30, 2023	-	-	-	-	462,227	-	462,227	(208,125)	254,102
D3	Other after-tax comprehensive profit or loss from January 1 to September 30, 2023	-	-	-	-	-	188,649	188,649	(22,511)	166,138
D5	Total comprehensive income from January 1 to September 30, 2023	-	-	-	-	462,227	188,649	650,876	(230,636)	420,240
Z1	Balance on September 30, 2023	\$ 2,979,639	\$ 728,166	\$ 1,991,645	\$ 170,388	\$ 5,802,318	\$ 18,261	\$ 11,690,417	\$ 2,442,686	\$ 14,133,103
A1	Balance on 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	From donations and gifts	-	124	-	-	-	-	124	-	124
	Appropriation and distribution of earnings in 2023									
B1	Legal reserve	-	-	60,325	-	(60,325)	-	-	-	-
B3	Special reserve	-	-	-	85,599	(85,599)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(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 September 30, 2024	-	-	-	-	1,137,813	-	1,137,813	163,982	1,301,795
D3	Other after-tax comprehensive profit or loss from January 1 to September 30, 2024	-	-	-	-	-	249,207	249,207	81,515	330,722
D5	Total comprehensive income from January 1 to September 30, 2024	-	-	-	-	1,137,813	249,207	1,387,020	245,497	1,632,517
Z1	Balance on September 30, 2024	\$ 2,979,639	\$ 742,037	\$ 2,051,970	\$ 255,987	\$ 6,637,263	(\$ 6,780)	\$ 12,660,116	\$ 3,286,909	\$ 15,947,025

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the review report of Deloitte Taiwan dated November 7, 2024.)

President: Sen-Mei Cheng

General Manager: Cheng-Yi Cheng

Accounting Supervisor: Yao-Ta Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flows from operating activities		
A10000	Income before income tax	\$ 1,832,501	\$ 382,848
A20010	Incomes and expense items:		
A20100	Depreciation expense	997,744	1,042,728
A20200	Amortization expense	2,643	2,737
A20300	Expected credit impairment loss (reversed)	(12,488)	24,121
A20900	Finance costs	440,173	445,514
A21200	Interest income	(42,658)	(37,680)
A22500	Net loss from disposal of property, plant and equipment	745	1,270
A23700	Inventory write-downs	100,934	150,593
A24100	Unrealized exchange loss	23,041	13,938
A29900	Others	(5,763)	(5,698)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	12,089	(23,489)
A31150	Accounts receivable	(839,362)	(209,624)
A31180	Other receivables	(20,337)	(48,679)
A31200	Inventories – manufacturing	(1,543)	276,033
A31200	Inventories – construction	37,143	(3,179)
A31240	Other current assets	219,785	1,108
A32125	Contractual liabilities	3,196	(6,863)
A32130	Notes payable	(24,469)	9,500
A32150	Trade payables	108,483	(118,839)
A32180	Other payables	87,853	(405,846)
A32230	Other current liabilities	318	(28,391)
A32240	Net defined benefit liabilities	(37,492)	(2,423)
A33000	Cash generated from operations	2,882,536	1,459,679
A33100	Interest received	42,658	37,680
A33300	Interest paid	(449,687)	(437,166)
A33500	Income tax paid	(792,373)	(333,623)
AAAA	Net cash generated from operating activities	<u>1,683,134</u>	<u>726,570</u>

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Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 149,049)	(\$ 352,992)
B00050	Proceeds from disposal of financial assets at amortized cost	400,710	75,703
B00100	Financial assets at FVTPL	-	(2,115)
B02700	Payments for property, plant and equipment	(855,044)	(1,105,816)
B02800	Disposal of property, plant and equipment	158	56,142
B03800	Decrease in refundable deposits	198	4,439
B04500	Procurement of intangible assets	(2,500)	(4,626)
B05400	Acquisition of investment property	(2,998)	-
B06700	Increase in other non-current assets	(13,725)	(8,684)
B07100	Increase of prepayment for machinery and equipment	(<u>371,970</u>)	(<u>210,651</u>)
BBBB	Net cash used in investing activities	(<u>994,220</u>)	(<u>1,548,600</u>)
	Cash flow from financing activities		
C00100	Net increase in short-term borrowings (decrease)	(475,931)	1,762,780
C01600	Proceeds from long-term borrowings	1,011,718	2,984,074
C01700	Repayment of long-term borrowings	(1,167,827)	(2,855,562)
C03000	Proceeds from guarantee deposits received	3,778	641
C04020	Retirement of principal of leasehold liabilities	(15,724)	(13,562)
C04500	Distribution of cash dividend	(297,964)	(744,910)
C05800	Changes in non-controlling interests	711,216	(30,509)
C09900	Unclaimed overdue dividend	<u>124</u>	<u>82</u>
CCCC	Net cash inflow (outflow) from financing activities	(<u>230,610</u>)	<u>1,103,034</u>
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(<u>7,162</u>)	<u>172,346</u>
EEEE	Increase of cash and cash equivalents	451,142	453,350
E00100	Balance of cash and cash equivalents at the beginning of period	<u>3,761,089</u>	<u>3,958,852</u>
E00200	Cash and cash equivalents at the end of period	<u>\$ 4,212,231</u>	<u>\$ 4,412,202</u>

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

(Please refer to the review report of Deloitte Taiwan dated November 7, 2024.)

President: Sen-Mei Cheng General Manager: Cheng-Yi Cheng Accounting Supervisor: Yao-Ta Huang

Taiwan Paiho Limited and subsidiaries

Notes to Consolidated Financial Statements

January 1 to September 30, 2024 and 2023

(In Thousands of New Taiwan Dollars or foreign currency unless stated otherwise)

I. Company History

Taiwan Paiho Limited (hereinafter referred to as “the Company”) 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 Company was approved to list its stock at Taiwan Stock Exchange (TWSE) for trading in January 2001.

This consolidated financial statement is expressed by the functional currency of the Company, which is New Taiwan dollars.

II. Approval of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on November 7, 2024.

III. Application of New and Amended Standards and Interpretations

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

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

- (II) IFRSs endorsed by the FSC to be applied 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: Applicable to annual reporting periods beginning on or after January 1, 2025. When first applying the amendment, the comparative information shall not be restated. Instead, any effect of initially applying the amendments is recognized as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions (when applicable) and related assets and liabilities

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date announced by IASB (Note)
"IFRS Annual Improvements - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS 10 and IAS 28, "investor and the sale or purchase of the assets of its associates or joint ventures"	To be determined by IASB
IFRS 17, "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application" and IFRS 9 "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 IFRSs newly announced/amended/revised are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosures of Financial Statements"

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

- Items in the statement of profit or loss will be classified into categories, including operating, investing, financing, income taxes and discontinued operations.
- Mandatory inclusions in the statement of income are subtotals from operating profit or loss and profit or loss before financing and income taxes and their totals.
- Provide guidance to strengthen the requirements of aggregation and segmentation: The Consolidated Company must identify assets, liabilities, equity, revenues, expenses, and cash flows from individual transactions or other events, and classify and summarize the same based on the common characteristics to make each line item presented in the main financial statements have at least one similar characteristic. Items without shared characteristics shall be further classified in the primary financial statements and notes. The consolidated entity can only classify items into "others" when no more informative category can be found.
- Improve the disclosure of management-defined performance measures: when the Group make public communication outside its financial statements or present its views on financial performance to the financial statement readers, information regarding how management define its own measures of performance and impacts and reconciliations from IFRS subset of these measures on income tax and non-controlling shareholders' interests.

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

(IV) 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 cashflows. Financial assets measured at amortized costs reclassified as cash and cash equivalent were NT\$202,752 and NT\$230,769 thousand, respectively, as of September 30, 2023 and January 1, 2023. The effect of cash flow items from January 1 to September 30, 2023 is as follows:

	Adjustment
Net cash used in investing activities	\$ 28,017
Net decrease of cash and cash equivalents	\$ 28,017

IV. Summary of Major Accounting Policies

(I) Declaration of Compliance

This consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34, “Interim Report.” This consolidated financial report does not cover all IFRS disclosure required for financial reporting of the whole fiscal year.

(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 Company and the entities controlled by the Company (i.e. its subsidiaries). 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 Company and to the non-controlling interests.

Changes in the Consolidated Company's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company, or the Consolidated Company, 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 Company.

For information on the details of the subsidiaries, proportion of shareholding and business items, refer to Note 11, Table 8 and Table 9.

(IV) Other Significant Accounting Policies

Other than the explanations below, refer to note to significant accounting policies contained in the 2023 consolidated financial statements.

1. Classification of Current and Non-current Assets and Liabilities

Current assets include:

- (1) Assets held for trading purposes;
- (2) Assets expected to be converted to cash, sold or consumed within 12 months starting from the balance sheet date and
- (3) Cash and cash equivalent (excluding the portion limited to the use of liability exchange or repayment within 12 months from the end of the reporting period).

Current liabilities include:

- (1) Liabilities held for trading purposes
- (2) Liabilities due for repayment within 12 months after the balance sheet date and
- (3) Liabilities that, on the balance sheet date, does not have in substance the right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities do not fit in the descriptions above are classified as non-current.

The Group is engaged in the construction business (the sale of housing and shopping centers and office buildings constructed by entrusted construction contractors), which has an operating cycle of over 1 year. The normal operating cycle applies when classifying the Company's construction-related assets and liabilities.

2. Defined Benefit After Retirement

The pension cost in the interim period is based on the pension cost rate under actuarial decision on the last day of the previous period, calculated from the beginning to the end of the period. Adjustments have been made for significant market fluctuation, major revision of plans, repayments and other material one-off items.

3. Income tax expense

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

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When developing major accounting estimates, the Group takes possible impacts into the consideration for items such as cash flow, growth rate, discount rate and profitability. The management will continue to review the estimates and basic assumptions. Please refer to the section of the primary source of uncertainties for significant accounting judgement, estimate, and assumptions contained in the 2023 consolidated financial statements.

VI. Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash and cash on hand	\$ 38,096	\$ 22,982	\$ 41,518
Checking accounts and demand deposits	3,462,835	2,259,646	2,924,831
Cash equivalents (time deposits with initial maturity in 3 months)	711,300	1,478,461	1,445,853
	<u>\$ 4,212,231</u>	<u>\$ 3,761,089</u>	<u>\$ 4,412,202</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets mandatorily classified as at FVTPL			
Non derivative financial assets			
- Structured deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,983</u>

VIII. Financial Assets at Amortized Cost

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Restricted bank deposits	\$ -	\$ 330,063	\$ 279,064
Time deposit with initial maturity longer than 3 months	40,648	-	53,052
	<u>\$ 40,648</u>	<u>\$ 330,063</u>	<u>\$ 332,116</u>
<u>Non-current</u>			
Restricted bank deposits	<u>\$ 65,415</u>	<u>\$ 12,752</u>	<u>\$ 75,122</u>

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

IX. Notes Receivable and Accounts Receivables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost	\$ 61,183	\$ 73,219	\$ 80,393
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,912,115	\$ 2,039,845	\$ 2,417,043
Less: allowance for impairment loss	(35,915)	(47,770)	(62,619)
	\$ 2,876,200	\$ 1,992,075	\$ 2,354,424

The average credit period from sales of goods was 30 to 90 days. No interest was charged on accounts receivable. The Group uses its own trading records to rate its major customers. The Group's credit risk 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 accounts 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.

No notes receivable was incurred. Measurements for allowance for loss of accounts receivable as follows:

	0–90 days	91–120 days	121–150 days	151–180 days	More than 181 days	Total
<u>September 30, 2024</u>						
Expected credit loss rate	0-1.29%	1.62-19.15%	5-90.29%	5-64.98%	5-100%	
Gross carrying amount	\$2,802,981	\$ 60,173	\$ 21,190	\$ 6,182	\$ 21,589	\$2,912,115
Loss allowance (Lifetime ECLs)	(<u>7,025</u>)	(<u>5,283</u>)	(<u>3,868</u>)	(<u>2,519</u>)	(<u>17,220</u>)	(<u>35,915</u>)
Amortized cost	<u>\$2,795,956</u>	<u>\$ 54,890</u>	<u>\$ 17,322</u>	<u>\$ 3,663</u>	<u>\$ 4,369</u>	<u>\$2,876,200</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>September 30, 2023</u>						
Expected credit loss rate	0.01-4%	0.04-20%	0.04-40%	0.04-80%	0.04-100%	
Gross carrying amount	\$2,245,350	\$ 99,771	\$ 31,682	\$ 8,310	\$ 31,930	\$2,417,043
Loss allowance (Lifetime ECLs)	(<u>18,406</u>)	(<u>5,124</u>)	(<u>4,983</u>)	(<u>5,611</u>)	(<u>28,495</u>)	(<u>62,619</u>)
Amortized cost	<u>\$2,226,944</u>	<u>\$ 94,647</u>	<u>\$ 26,699</u>	<u>\$ 2,699</u>	<u>\$ 3,435</u>	<u>\$2,354,424</u>

Information on changes in allowance for loss of accounts receivable is shown below:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Opening balance	\$ 47,770	\$ 38,899
Loss allowance made (recovered) for impairment loss	(12,488)	24,121
Actual amount written off for the period	(67)	(1,514)
Foreign exchange gain or loss	700	1,113
Ending balance	<u>\$ 35,915</u>	<u>\$ 62,619</u>

X. Inventory

(I) Manufacturing

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials and supplies	\$ 882,352	\$ 879,304	\$ 840,898
Finished goods	957,246	962,514	989,153
Work in progress	733,322	780,564	807,236
Inventory in transit	<u>54,375</u>	<u>33,528</u>	<u>41,839</u>
	<u>\$ 2,627,295</u>	<u>\$ 2,655,910</u>	<u>\$ 2,679,126</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Cost of inventory sold	\$ 2,604,298	\$ 2,345,099	\$ 7,200,011
Devaluation and obsolescence of inventories			
Loss on	<u>38,388</u>	<u>39,530</u>	<u>100,934</u>
	<u>\$ 2,642,686</u>	<u>\$ 2,384,629</u>	<u>\$ 7,300,945</u>
			January 1 to September 30, 2023
			\$ 6,262,630
			<u>150,593</u>
			<u>\$ 6,413,223</u>

(II) Construction - Buildings and Lands for Sale

Location	Project Name	September 30, 2024	December 31, 2023	September 30, 2023
Xishan District, Wuxi	Paiho International Mansion Phase I	\$ 267,617	\$ 255,434	\$ 259,827
	Paiho International Mansion Phase II	280,748	268,577	274,020
	Paiho Business Plaza	<u>1,355,007</u>	<u>1,615,994</u>	<u>1,684,364</u>
		<u>\$ 1,903,372</u>	<u>\$ 2,140,005</u>	<u>\$ 2,218,211</u>
		July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Cost of inventory sold		\$ 22,665	\$ 1,224	\$ 37,265
				January 1 to September 30, 2023
				\$ 17,500

XI. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

Investee	Subsidiary	Nature of Activities	Percentage of ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	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	-
Paiho Int'l Limited	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	33	33	33	3
	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 trading	100	100	100	-
Paiho Shih Holdings Corporation	PT. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	1	1	1	-
	Hong Kong Antex Limited	International investment	100	100	100	3
	Hon Shin Corp.	Internal investment and trading	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
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 & consultation, and real estate Sales, rental, design and decoration of	100	100	100	3
	Shanghai Best Expectation Textile Trading Limited	Internal investment and trading	18	22	22	3

(continued the following page)

(continued from the previous page)

Investee	Subsidiary	Nature of Activities	Percentage of ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	International investment and trade	82	78	78	3
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Internal investment and trading	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 Co., Ltd.	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 Ltd. completed on January, 2023.

Note 2: The change in shareholding ratio resulted from the failure of Paiho Int'l Limited. to subscribe for the shares in proportion to its shareholding when Paiho Shih Holdings Corporation. increased capital on January 22, 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		
	September 30, 2024	December 31, 2023	September 30, 2023
Paiho Shih Holdings Corporation and subsidiaries	50%	48%	48%

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Non-controlling interests		
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023	2024 September 30	2023 December 31	2023 September 30
Paiho Shih Holdings Corporation and subsidiaries	\$ 68,799	(\$ 7,635)	\$ 163,982	(\$ 208,125)	\$ 3,286,909	\$ 2,338,929	\$ 2,442,686

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 7,048,366	\$ 6,874,674	\$ 7,907,999
Non-current assets	11,814,594	11,068,387	11,349,834
Current liabilities	(8,216,912)	(8,973,524)	(9,209,961)
Non-current liabilities	(4,092,887)	(4,137,473)	(5,009,053)
Equity	\$ 6,553,161	\$ 4,832,064	\$ 5,038,819

Equity attributed to:			
Owners of the Company	\$ 3,266,252	\$ 2,493,135	\$ 2,596,133
Non-controlling interests of Paiho Shih Holdings Corporation and Subsidiaries	3,286,909	2,338,929	2,442,686

	<u>\$ 6,553,161</u>	<u>\$ 4,832,064</u>	<u>\$ 5,038,819</u>	
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
operating revenue	<u>\$ 1,970,459</u>	<u>\$ 1,547,737</u>	<u>\$ 5,237,046</u>	<u>\$ 3,906,081</u>
Net profit (loss) before tax	\$ 140,522	(\$ 19,879)	\$ 330,755	(\$ 436,609)
Other comprehensive income	<u>45,816</u>	<u>169,601</u>	<u>221,046</u>	(<u>31,924</u>)
Total comprehensive income	<u>\$ 186,338</u>	<u>\$ 149,722</u>	<u>\$ 551,801</u>	(<u>\$ 468,533</u>)
Net profit (profit) attributable to:				
Owners of the Company	\$ 71,723	(\$ 12,244)	\$ 166,773	(\$ 228,484)
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>68,799</u>	(<u>7,635</u>)	<u>163,982</u>	(<u>208,125</u>)
	<u>\$ 140,522</u>	(<u>\$ 19,879</u>)	<u>\$ 330,755</u>	(<u>\$ 436,609</u>)
Total comprehensive income attributed to:				
Owners of the Company	\$ 94,545	\$ 74,417	\$ 306,304	(\$ 237,897)
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	<u>91,793</u>	<u>75,305</u>	<u>245,497</u>	(<u>230,636</u>)
	<u>\$ 186,338</u>	<u>\$ 149,722</u>	<u>\$ 551,801</u>	(<u>\$ 468,533</u>)
Cash flow				
Operating activities			\$ 862,356	(\$ 399,467)
Investing activities			(532,247)	(1,007,878)
Financing activities			<u>12,599</u>	<u>2,046,555</u>
Net cash inflow			<u>\$ 342,708</u>	<u>\$ 639,210</u>

XII. Property, plant and equipment

January 1 to September 30, 2024	Land	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 636,246	\$ 10,318,182	\$ 9,095,324	\$ 288,842	\$ 1,097,214	\$ 4,112,853	\$ 25,548,661
Addition	-	7,826	25,523	1,536	13,744	555,106	603,735
Disposal	-	(33,501)	(67,180)	(1,183)	(21,093)	-	(122,957)
Reclassified amount	-	1,765,424	289,496	30,246	4,790	(4,485,410)	(2,395,454)
Net Exchange Translation Adjustment	<u>2,544</u>	<u>296,072</u>	<u>300,327</u>	<u>8,984</u>	<u>40,844</u>	<u>122,725</u>	<u>771,496</u>
Balance on September 30, 2024	<u>\$ 638,790</u>	<u>\$ 12,354,003</u>	<u>\$ 9,643,490</u>	<u>\$ 328,425</u>	<u>\$ 1,135,499</u>	<u>\$ 305,274</u>	<u>\$ 24,405,481</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2024	\$ -	\$ 2,717,991	\$ 4,899,459	\$ 167,230	\$ 755,122	\$ -	\$ 8,539,802
Depreciation expense	-	272,689	560,944	20,834	78,204	-	932,671
Disposal	-	(33,501)	(66,812)	(1,124)	(20,617)	-	(122,054)
Reclassified amount	-	(5,691)	865	(3,581)	(603)	-	(9,010)
Net Exchange Translation Adjustment	<u>-</u>	<u>89,676</u>	<u>163,960</u>	<u>5,205</u>	<u>30,018</u>	<u>-</u>	<u>288,859</u>
Balance on September 30, 2024	<u>\$ -</u>	<u>\$ 3,041,164</u>	<u>\$ 5,558,416</u>	<u>\$ 188,564</u>	<u>\$ 842,124</u>	<u>\$ -</u>	<u>\$ 9,630,268</u>
Net on September 30, 2024	<u>\$ 638,790</u>	<u>\$ 9,312,839</u>	<u>\$ 4,085,074</u>	<u>\$ 139,861</u>	<u>\$ 293,375</u>	<u>\$ 305,274</u>	<u>\$ 14,775,213</u>
Net 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>
January 1 to September 30, 2023	Land	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>							
Balance on January 01, 2023	\$ 628,090	\$ 10,260,581	\$ 9,230,299	\$ 293,148	\$ 1,082,524	\$ 2,959,227	\$ 24,453,869
Addition	-	15,723	73,947	13,917	32,483	944,785	1,080,855
Disposal	-	(3,851)	(373,706)	(11,650)	(33,865)	(34,512)	(457,584)
Reclassified amount	8,755	86,584	358,786	4,971	17,088	(29,124)	447,060
Net Exchange Translation Adjustment	<u>4,199</u>	<u>169,696</u>	<u>179,744</u>	<u>5,394</u>	<u>1,897</u>	<u>138,774</u>	<u>499,704</u>
Balance on September 30, 2023	<u>\$ 641,044</u>	<u>\$ 10,528,733</u>	<u>\$ 9,469,070</u>	<u>\$ 305,780</u>	<u>\$ 1,100,127</u>	<u>\$ 3,979,150</u>	<u>\$ 26,023,904</u>
<u>Accumulated depreciation</u>							
Balance on January 01, 2023	\$ -	\$ 2,403,853	\$ 4,667,960	\$ 159,474	\$ 690,802	\$ -	\$ 7,922,089
Depreciation expense	-	268,588	610,965	26,862	81,887	-	988,302

January 1 to September 30, 2023	Land	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Disposal	-	(3,851)	(354,912)	(10,153)	(31,256)	-	(400,172)
Net Exchange Translation Adjustment	-	37,587	80,672	2,692	8,446	-	129,397
Balance on September 30, 2023	\$ -	\$ 2,706,177	\$ 5,004,685	\$ 178,875	\$ 749,879	\$ -	\$ 8,639,616
Net on September 30, 2023	\$ 641,044	\$ 7,822,556	\$ 4,464,385	\$ 126,905	\$ 350,248	\$ 3,979,150	\$ 17,384,288

The Company is in Hemei Town, Changhua County, with an area of 55 square meters in the Hemei section of land (recorded as self-owned land for NT\$264 thousand), 2,597 square meters in the Zhongxiao section of land (recorded as self-owned land for NT\$8,773 thousand), and 4,740 square meters in the Tiaoxing section of land (recorded as self-owned land for NT\$42,031 thousand). These are agricultural lands temporarily registered in the names of others, with the Company as the rights holder and establishment of a certificate of other rights which stipulates that the Company has the ownership of the land.

The above items are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	5 - 60 years
Electromechanical power equipment	5 to 16 years
Engineering system	5 - 40 years
Others	2 - 10 years
Machinery and equipment	3 - 16 years
Transportation equipment	4 - 15 years
Miscellaneous equipment	1 - 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

	September 30, 2024	December 31, 2023	September 30, 2023
Book value of right-of-use assets			
Land	\$ 1,082,816	\$ 1,404,965	\$ 1,464,333
Buildings	201,367	39,640	43,538
Transportation equipment	888	-	139
	<u>\$ 1,285,071</u>	<u>\$ 1,444,605</u>	<u>\$ 1,508,010</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Addition of right-of-use assets			
			<u>\$ 179,125</u>
			<u>\$ 2,877</u>
Depreciation charge of right-of-use assets			
Land	\$ 12,401	\$ 11,969	\$ 36,781
Buildings	4,325	4,459	13,167
Transportation equipment	177	214	523
	<u>\$ 16,903</u>	<u>\$ 16,642</u>	<u>\$ 50,471</u>
			<u>\$ 49,639</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 September 30, 2024 and 2023.

The land leased by the Group in Wuxi, mainland China and Binh Duong, Vietnam has been sub-leased as an operating lease, 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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts of lease liabilities			
Current	\$ 16,001	\$ 14,806	\$ 18,758
Non-current	\$ 182,920	\$ 24,177	\$ 25,678

The discount rate (%) ranges for lease liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.3-5	0.98-5	0.98-5
Transportation equipment	3.70	3.85	3.85

(III) Another lease information

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

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Expenses relating to short-term leases	\$ 2,999	\$ 3,068	\$ 9,182	\$ 8,056
Expenses relating to low-value asset leases				
assets	\$ 4,582	\$ 4,390	\$ 15,710	\$ 15,568
Total cash inflow (outflow) of leases			(\$ 41,284)	(\$ 37,428)

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 September 30, 2024</u>	<u>Opening balance</u>	<u>Addition</u>	<u>Reclassified amount</u>	<u>Net Exchange Translation Adjustment</u>	<u>Ending balance</u>
<u>Cost</u>					
Property available for sale	\$ 93,092	\$ 2,998	\$ 290,609	\$ 9,593	\$ 396,292
Land use rights and buildings	<u>187,322</u>	<u>-</u>	<u>3,112,007</u>	<u>19,726</u>	<u>3,319,055</u>
Total cost	<u>280,414</u>	<u>\$ 2,998</u>	<u>\$3,402,616</u>	<u>\$ 29,319</u>	<u>3,715,347</u>
<u>Accumulated depreciation</u>					
Property available for sale	836	\$ 4,182	(\$ 462)	\$ 106	4,662
Land use rights and buildings	<u>56,705</u>	<u>10,420</u>	<u>45,531</u>	<u>2,576</u>	<u>115,232</u>
Total accumulated depreciation	<u>57,541</u>	<u>\$ 14,602</u>	<u>\$ 45,069</u>	<u>\$ 2,682</u>	<u>119,894</u>
Net amount of investment properties	<u>\$ 222,873</u>				<u>\$3,595,453</u>
<u>January 1 to September 30, 2023</u>					
<u>Cost</u>					
Property available for sale	\$ -	\$ -	\$ 62,360	\$ 309	\$ 62,669
Land use rights and buildings	<u>190,529</u>	<u>-</u>	<u>-</u>	<u>3,677</u>	<u>194,206</u>
Total cost	<u>190,529</u>	<u>\$ -</u>	<u>\$ 62,360</u>	<u>\$ 3,986</u>	<u>256,875</u>
<u>Accumulated depreciation</u>					
Property available for sale	-	\$ 298	\$ -	\$ 2	300
Land use rights and buildings	<u>51,552</u>	<u>4,489</u>	<u>-</u>	<u>1,187</u>	<u>57,228</u>
Total accumulated depreciation	<u>51,552</u>	<u>\$ 4,787</u>	<u>\$ -</u>	<u>\$ 1,189</u>	<u>57,528</u>
Net amount of investment properties	<u>\$ 138,977</u>				<u>\$ 199,347</u>

Investment property - property available for sale (Wuxi, China) is subleased in the form of an operating lease over a lease period of 1 to 3 years. The lessee does not have bargain purchase option at the expiry of the lease period.

Investment property - Land use rights and buildings (Wuxi, China) are subleased in the form of an operating lease over a lease period of 7 years with an option to extend the lease for another 5 years. When the lessee exercises the option, the original contract is

extended. The lessee does not have bargain purchase option at the expiry of the lease period.

Investment property - Land use rights and buildings (Binh Duong, Vietnam) is subleased in the form of an operating lease over a lease period of 5 years. The lessee does not have bargain purchase option at the expiry of the lease period.

The total amount of lease payments that the Group will receive in the future for leasing investment properties under operating leases is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 65,283	\$ 26,104	\$ 25,732
Year 2	49,187	22,142	25,252
Year 3	36,154	6,453	13,872
Year 4	28,371	-	-
Year 5	16,550	-	-
	<u>\$ 195,545</u>	<u>\$ 54,699</u>	<u>\$ 64,856</u>

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

Property available for sale	30 years
Land use rights and buildings	5 to 50 years

The net value of the Group's investment property - property available for sale as of September 30, 2024 was NT\$391,630 thousand. The fair value thereof was based on the fair value of the inventories – construction and investment properties appraised by an independent appraiser on December 31, 2023. As the market condition has had minimal changes, said appraised fair value may still be taken into consideration for reference. The appraisal makes price reference from quasi market transactions and includes important unobservable inputs, such as discount rates and rental growth. The appraised fair value for investment properties is NT\$426,960 thousand.

The net value of the investment properties of the Group - land use rights and buildings (Wuxi, China) was NT\$131,372 thousand on September 30, 2024. Because the market for comparable properties was inactive and alternative reliable measurements of fair value were not available, the Group determined that the fair value of the investment properties could not be reliably measurable.

The net value of the Group's investment property - land use rights and buildings (Binh Duong, Vietnam) was NT\$3,072,451 thousand on September 30, 2024, and its fair value was evaluated in reference to the fair value appraised by the independent appraiser on July 31, 2024, the fair value of the investment property was NT\$3,587,950 thousand.

XVI. Goodwill

	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Cost</u>		
Opening balance	\$ 173,427	\$ 181,031
Net Exchange Translation Adjustment	6,230	1,002
Ending balance	<u>\$ 179,657</u>	<u>\$ 182,033</u>

XVI. Other Assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Tax overpayment for offset with future tax payable	\$ 670,537	\$ 878,958	\$ 861,076
Prepayments	101,887	52,437	54,726
Prepaid expenses	72,487	86,082	57,123
Others	29,966	53,551	17,845
	<u>\$ 874,877</u>	<u>\$ 1,071,028</u>	<u>\$ 990,770</u>
<u>Non-current</u>			
Refundable deposits	\$ 47,565	\$ 48,024	\$ 48,470
Others	66,712	52,725	44,326
	<u>\$ 114,277</u>	<u>\$ 100,749</u>	<u>\$ 92,796</u>

XVII. Borrowings

(I) Short-term bank borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Line of credit borrowings	\$ 8,212,221	\$ 7,888,711	\$ 8,823,936
Secured borrowings	-	521,162	-
	<u>\$ 8,212,221</u>	<u>\$ 8,409,873</u>	<u>\$ 8,823,936</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	1.83-7.52	3.00-7.47	1.65-7.25
Secured borrowings	-	6.17-6.94	-

(II) Long-term bank borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Credit borrowings – mature within December 2024 to December 2028	\$ 4,484,085	\$ 3,582,785	\$ 4,679,051
Secured loans	-	930,076	953,493
	4,484,085	4,512,861	5,632,544
Less: the portion due within 1 year	(530,245)	(54,231)	(316,348)
Long-term bank loans	<u>\$ 3,953,840</u>	<u>\$ 4,458,630</u>	<u>\$ 5,316,196</u>
	September 30, 2024	December 31, 2023	September 30, 2023
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	1.80-6.97	1.60-7.19	1.60-6.95
Secured loans	-	2.20-7.10	2.25-6.60

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

The Company signed a syndicated loan of NT\$1.5 billion from financial institutions including Bank of Taiwan in July 2021 for the purpose of repaying loans from financial institutions and enriching the medium-term working capital. The validity period of the contract is 5 years. The credit line is divided into lines A and B: line A is a medium-term loan line of NT\$1.5 billion, and line B is NT\$900 million as the guarantee for the issuance of commercial promissory notes. The two lines share no more than the total credit line in force at that time, and can revolve within the term of the credit contract. According to the provisions of the loan contract, the Company 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 NT\$6 billion.

In addition, in the duration of the contract, the Company commits not to dispose of important assets and rights and not to buy back its own shares or reduce capital, unless the written consent of most of the banks is obtained.

In May 2024, the Company had already repaid the borrowings drawn down and canceled all the limits of this syndicated loan.

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 has 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. Gearing Ratio [(Total financial borrowing (including leasing liability) - balance sheet cash (excluding restricted deposit) / tangible net worth)] as of December 31, 2023, September 30, 2024, December 31, 2024 and September 30, 2025 (inclusive) shall be maintained respectively at 265%, 235%, 220% and 180% or lower.
2. The interest coverage ratio (profit before income tax plus interest expense, depreciation and amortization amount/interest expense) shall not be lower than 2.5 and 3 times as of December 31, 2024 and September 30, 2025.
3. The tangible net assets [total equity - intangible assets] shall not be less than NT\$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

	September 30, 2024	December 31, 2023	September 30, 2023
Salaries and bonuses payables	\$ 737,145	\$ 720,632	\$ 635,674
Tax payable	97,819	46,809	68,257
Remuneration payable to employees and directors	48,176	56,703	48,728
Engineering and equipment payables	16,898	268,207	161,214
Others	428,147	367,775	320,238
	<u>\$ 1,328,185</u>	<u>\$ 1,460,126</u>	<u>\$ 1,234,111</u>

XIX. Retirement Benefit Plan

The pension expenses related to the defined benefit plan recognized from July 1 to September 30, 2024 and 2023, and January 1 to September 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.

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:

	Within 1 Year	After 1 Year	Total
<u>September 30, 2024</u>			
Asset			
Accounts receivable	\$ 186	\$ -	\$ 186
Other receivables	805	-	805
Inventories – construction	1,903,372	-	1,903,372
Other current assets	80,726	-	80,726
	<u>\$ 1,985,089</u>	<u>\$ -</u>	<u>\$ 1,985,089</u>
Liabilities			
Trade payables	\$ 49,860	\$ -	\$ 49,860
Other payables	21,068	-	21,068
Contractual liabilities	5,924	-	5,924
	<u>\$ 76,852</u>	<u>\$ -</u>	<u>\$ 76,852</u>
<u>December 31, 2023</u>			
Asset			
Accounts receivable	\$ -	\$ -	\$ -
Other receivables	141	-	141
Inventories – construction	2,140,005	-	2,140,005
Other current assets	73,720	-	73,720
	<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	3,797	-	3,797
	<u>\$ 132,708</u>	<u>\$ -</u>	<u>\$ 132,708</u>
<u>September 30, 2023</u>			
Asset			
Accounts receivable	\$ 127	\$ -	\$ 127
Other receivables	2,102	-	2,102
Inventories – construction	2,218,211	-	2,218,211
Other current assets	83,130	-	83,130
	<u>\$ 2,303,570</u>	<u>\$ -</u>	<u>\$ 2,303,570</u>
Liabilities			
Trade payables	\$ 70,631	\$ -	\$ 70,631
Other payables	31,709	-	31,709
Contractual liabilities	3,518	-	3,518
	<u>\$ 105,858</u>	<u>\$ -</u>	<u>\$ 105,858</u>

XXI. Equity

(I) Common stock

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (thousand shares)	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>
Authorized share capital	<u>\$ 380,000</u>	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>
Number of shares issued and fully paid (thousand shares)	<u>297,964</u>	<u>297,964</u>	<u>297,964</u>
Share capital already Issued	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>

The issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

(II) Capital surplus

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Can be used for offsetting losses,</u> <u>cash distribution or capital</u> <u>expansion (1)</u>			
Additional paid-in capital	\$ 615,831	\$ 615,831	\$ 615,831
Difference between transaction values and book values when acquiring or disposing subsidiaries	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 Company 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 Company has not actually acquired or disposed the equity, or the adjustment of the subsidiary's capital surplus recognized by the Company due to the equity method.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Company's Articles of Incorporation, if there are earnings in the Company's annual final accounts, the Company 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 Company'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 Company.

In addition, in accordance with the provisions of the Company's articles of association 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 Company and shareholders, the Company'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 Company. The legal reserve can be used to make up for losses. When the Company 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 Company for 2023 and 2022 are as follows, respectively:

	2023	2022
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 annual general 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 another shareholders' equity may be appropriated when it is subsequently reverted.

XXII. Operating Revenue and Costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Revenue from contracts with customers				
Sale of goods	\$ 4,270,296	\$ 3,576,684	\$ 11,517,481	\$ 9,263,288
Sales of real estate	49,431	-	78,999	24,772
	<u>\$ 4,319,727</u>	<u>\$ 3,576,684</u>	<u>\$ 11,596,480</u>	<u>\$ 9,288,060</u>
Operating cost				
Cost of goods sold	\$ 2,642,686	\$ 2,384,629	\$ 7,300,945	\$ 6,413,223
Cost of real estate sold	22,665	1,224	37,265	17,500
	<u>\$ 2,665,351</u>	<u>\$ 2,385,853</u>	<u>\$ 7,338,210</u>	<u>\$ 6,430,723</u>

Contract Balance

	September 30, 2024	December 31, 2023	September 30, 2023
Contractual liabilities – current			
Sale of goods	\$ 17,698	\$ 16,629	\$ 22,177
Sales of real estate	5,924	3,797	3,518
	<u>\$ 23,622</u>	<u>\$ 20,426</u>	<u>\$ 25,695</u>

XXIII. Net Profit from Continuing Operations

(I) Finance costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest on bank borrowings	\$ 183,040	\$ 159,877	\$ 439,505	\$ 444,391
Interest on lease liabilities	174	327	668	1,123
	<u>\$ 183,214</u>	<u>\$ 160,204</u>	<u>\$ 440,173</u>	<u>\$ 445,514</u>

Information about capitalized interest:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Capitalized interest amount	\$ -	\$ 46,213	\$ 115,130	\$ 121,532
Capitalization rate (%)	-	6.53	6.75	1.79-6.53

(II) Employee benefit expenses, depreciation and amortization expenses

By Nature	Attributable to Operating Costs	Attributable to Operating Expenses and Non- operating Expenses	Total
<u>July 1 to September 30, 2024</u>			
Short-term employee benefits	\$ 552,348	\$ 400,367	\$ 952,715
Retirement Benefit Plan			
Defined contribution plans	35,182	17,529	52,711
Defined benefit plan (Note 19)	4,979	5,116	10,095
Other employee benefits	51,468	21,252	72,720
Depreciation expense	276,304	72,329	348,633
Amortization expense	441	388	829
<u>July 1 to September 30, 2023</u>			
Short-term employee benefits	512,507	351,065	863,572
Retirement Benefit Plan			
Defined contribution plans	40,864	18,844	59,708
Defined benefit plan (Note 19)	277	4,189	4,466
Other employee benefits	42,621	20,339	62,960
Depreciation expense	274,914	57,332	332,246
Amortization expense	405	576	981
<u>January 1 to September 30, 2024</u>			
Short-term employee benefits	1,598,554	1,106,303	2,704,857
Retirement Benefit Plan			
Defined contribution plans	112,104	52,139	164,243
Defined benefit plan (Note 19)	5,475	12,732	18,207
Other employee benefits	136,121	57,817	193,938
Depreciation expense	810,080	187,664	997,744
Amortization expense	1,311	1,332	2,643
<u>January 1 to September 30, 2023</u>			
Short-term employee benefits	1,428,303	1,075,398	2,503,701
Retirement Benefit Plan			
Defined contribution plans	118,208	39,378	157,586
Defined benefit plan (Note 19)	824	12,575	13,399
Other employee benefits	112,866	56,583	169,449
Depreciation expense	868,094	174,634	1,042,728
Amortization expense	1,089	1,648	2,737

(III) Remuneration of employees and directors

In accordance with the provisions of the Articles of Incorporation, the Company makes appropriations that are no less than 1% and no more than 2% from the pre-tax gain in the current year before deduction of the remuneration of employees and directors in the current year, respectively, as the remuneration to employees and directors. The remuneration of employees and directors listed July 1 to September 30, 2024 and 2023 and January 1 to September 30, 2024 and 2023 is as follows:

	July 1 to September 30, 2024		July 1 to September 30, 2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Remuneration of employees	0.66%	\$ 3,832	1.00%	\$ 3,062
Remuneration of directors	0.43%	2,470	0.62%	1,973

	January 1 to September 30, 2024		January 1 to September 30, 2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Remuneration of employees	1.45%	\$ 21,155	1.01%	\$ 5,655
Remuneration of directors	0.93%	13,636	0.65%	3,645

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 Company held its board meetings on March 15, 2024 and March 25, 2023. The actual amount of remuneration of employees and directors was different from the amount recognized in the annual consolidated financial report, and the differences were adjusted to the profit and loss for 2024 and 2023, respectively.

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

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

(IV) Gains or losses on foreign currency exchange

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Total foreign currency exchange gains	\$ 52,118	\$ 50,381	\$ 119,521	\$ 133,473
Total foreign currency exchange losses	(41,852)	(45,305)	(106,569)	(129,170)
Net profit	\$ 10,266	\$ 5,076	\$ 12,952	\$ 4,303

XXIV. Income tax of continuing operations

(I) Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Income tax in the current period				
Income tax of the period	\$ 120,708	\$ 76,941	\$ 261,570	\$ 102,102
Income tax on unappropriated earnings	(252)	(329)	5,336	57,222
Adjustment for the previous year	-	53	(72,361)	4,678
Land value increment tax	<u>23,560</u>	<u>(99)</u>	<u>36,742</u>	<u>29,211</u>
	144,016	76,566	231,287	193,213
Deferred income tax				
Income tax of the period	<u>106,861</u>	<u>19,529</u>	<u>299,419</u>	<u>(64,467)</u>
Income tax expense recognized in profit or loss	<u>\$ 250,877</u>	<u>\$ 96,095</u>	<u>\$ 530,706</u>	<u>\$ 128,746</u>

(II) Income tax recognized in other comprehensive income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Deferred income tax</u>				
Income tax of the period				
Exchange differences on translating foreign operations	(\$ 36,195)	\$ 51,526	\$ 62,302	\$ 47,162

(III) Income tax verification

The Company's and Spring Rich Limited's tax filings 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 Company (Numerator)	Number of Shares (Denominator) (Thousand Shares)	Earnings per Share (NT\$)
<u>July 1 to September 30, 2024</u>			
Basic earnings per share			
Net profit attributable to owners of the Company	\$ 456,155	297,964	\$ <u>1.53</u>
Effect of potentially dilutive ordinary shares			
Remuneration of employees	<u>-</u>	<u>290</u>	
Diluted earnings per share			
Net profit attributable to owners of the Company plus effect of potentially dilutive ordinary shares	\$ <u>456,155</u>	<u>298,254</u>	\$ <u>1.53</u>
<u>July 1 to September 30, 2023</u>			
Basic earnings per share			
Net profit attributable to owners of the Company	\$ 254,907	297,964	\$ <u>0.86</u>
Effect of potentially dilutive ordinary shares			
Remuneration of employees	<u>-</u>	<u>104</u>	
Diluted earnings per share			
Net profit attributable to owners of the Company plus effect of potentially dilutive ordinary shares	\$ <u>254,907</u>	<u>298,068</u>	\$ <u>0.86</u>
<u>January 1 to September 30, 2024</u>			
Basic earnings per share			
Net profit attributable to owners of the Company	\$ 1,137,813	297,964	\$ <u>3.82</u>
Effect of potentially dilutive ordinary shares			
Remuneration of employees	<u>-</u>	<u>339</u>	
Diluted earnings per share			
Net profit attributable to owners of the Company plus effect of potentially dilutive ordinary shares	\$ <u>1,137,813</u>	<u>298,303</u>	\$ <u>3.81</u>
<u>January 1 to September 30, 2023</u>			
Basic earnings per share			
Net profit attributable to owners of the Company	\$ 462,227	297,964	\$ <u>1.55</u>
Effect of potentially dilutive ordinary shares			
Remuneration of employees	<u>-</u>	<u>224</u>	
Diluted earnings per share			
Net profit attributable to owners of the Company plus effect of potentially dilutive ordinary shares	\$ <u>462,227</u>	<u>298,188</u>	\$ <u>1.55</u>

The Group offered to settle compensation paid to employees in cash or shares; thus, the Company 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

September 30, 2023	Level 1	Level 2	Level 3
<u>Financial assets at FVTPL</u>			
Equity Instrument Investment			
– Structured deposits	\$ -	\$ 145,983	\$ -

From January 1 to September 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

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

(III) Types of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ -	\$ 145,983
Financial assets at amortized cost (Note 1)	7,525,793	6,404,339	7,520,822
<u>Financial Liabilities</u>			
Financial liabilities at amortized cost (Note 2)	14,684,296	14,926,903	16,269,904

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted bank deposit, time deposit with initial maturity longer than 3 months, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes short-term bank loans, payables (notes, trade and others), long-term bank borrowings (including portion due in 12 months), guarantee deposits received and financial liabilities measured at amortized cost

(IV) Financial risk management objective and policies

The Group's major financial instruments include bank deposits, accounts receivable, accounts payable and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international 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 operating activities of the Group make the Group bear the main financial risks of foreign currency exchange rate changes and interest rate changes.

(1) Exchange rate risk

The Group has 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 is mainly exposed to the exchange rate fluctuation of USD, RMB, VND and HKD.

The following table details the sensitivity analysis of the Group when the exchange rate of the New Taiwan dollar (functional currency) changes by 1% in relation to each relevant foreign currency. 1% is the sensitivity rate used for reporting exchange rate risks to the key management of the Group, and represents the management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes outstanding monetary items in foreign currencies, and the year-end conversion is adjusted with an exchange rate change of 1%. The positive number in the following table indicates the amount of profit before tax that will be reduced when the New Taiwan dollar appreciates by 1% relative to the relevant currency; when the New Taiwan dollar depreciates by 1% relative to the relevant currency, its impact on profit before tax will be a negative number of the same amount.

Currency	Impact on Profit and Loss	
	January 1 to September 30, 2024	January 1 to September 30, 2023
USD	\$ 7,578	\$ 8,907
VND	3,718	(17)
RMB	911	672
HKD	232	290

The Group's exposure was mainly attributable to the outstanding receivables and payables in 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.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Fair value interest rate risk			
Short-term bank			
borrowings	\$ 800,000	\$ -	\$ 2,764,756
Lease liabilities	198,921	38,983	44,436
Interest rate risk on cash			
flow			
Short-term borrowings	7,412,221	8,409,873	6,059,180
Long-term borrowings			
(Including current portion)	4,484,085	4,512,861	5,632,544

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 the interest rate changes but all other variables remain unchanged, the Group's profit before tax from January 1 to September 30, 2024 and 2023 will change by NT\$22,306 thousand and NT\$21,922 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparty to discharge its obligation, could be equal to 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. Meanwhile, the Consolidated Company reviews the recoverable amount of each individual trade debt periodically to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the management believes the management credit risk was significantly reduced.

Accounts receivable consisted of different customers from various industries and geographical locations. The Consolidated Company continues to assess financial status of customers its accounts receivable are exposed to.

3. Liquidity risk

The Consolidated Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Consolidated Company'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.

Bank borrowings are an important source of liquidity for the Consolidate Company. As of September 30, 2024, and December 31 and September 30, 2023, the Consolidated Company had available unutilized bank loan facilities of NT\$7,831,522 thousand, NT\$8,409,091 thousand and NT\$11,077,037 thousand, respectively

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

The Consolidated Company'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 Consolidated Company can be required to pay.

	Within 3 Months	3 Months to 1 Year	More than 1 Year
<u>September 30, 2024</u>			
No interest-bearing liabilities	\$ 1,319,796	\$ 630,428	\$ 37,766
Lease liabilities	1,748	23,250	209,465
Short-term bank borrowings	2,580,146	5,632,075	-
Long-term bank borrowings	23,779	506,466	3,953,840
	<u>\$ 3,925,469</u>	<u>\$ 6,792,219</u>	<u>\$ 4,201,071</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 bank borrowings	1,745,674	6,664,199	-
Long-term bank borrowings	16,538	37,693	4,458,630
	<u>\$ 2,780,541</u>	<u>\$ 7,063,601</u>	<u>\$ 5,127,505</u>
<u>September 30, 2023</u>			
No interest-bearing liabilities	\$ 1,095,260	\$ 314,513	\$ 403,651
Lease liabilities	5,230	14,363	30,896
Short-term bank borrowings	1,250,763	7,573,173	-
Long-term bank borrowings	40,210	276,138	5,316,196
	<u>\$ 2,391,463</u>	<u>\$ 8,178,187</u>	<u>\$ 5,750,743</u>

Additional information about the maturity analysis for lease liabilities and long-term bank 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>September 30, 2024</u>						
Lease liabilities	\$ 24,998	\$ 124,620	\$ 68,285	\$ 4,800	\$ 4,800	\$ 6,960
Long-term borrowing	<u>530,245</u>	<u>3,953,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 555,243</u>	<u>\$ 4,078,460</u>	<u>\$ 68,285</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 6,960</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>September 30, 2023</u>						
Lease liabilities	\$ 19,593	\$ 8,576	\$ 4,800	\$ 4,800	\$ 4,800	\$ 7,920
Long-term borrowing	<u>316,348</u>	<u>5,316,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 335,941</u>	<u>\$ 5,324,772</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 7,920</u>

XXVII. Related Party Transactions

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) 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
Kou-Yen Cheng	Other related parties
Huan-Tung Tseng	Other related parties
Mei-Ting Yang	Other related parties
Kuo-Chih Lai	Other related parties
Po-Hsun Huang	Other related parties
Ming-Chang Chiang	Other related parties
Cheng-Yi Cheng	Other related parties
Chia-In Cheng	Other related parties

(II) Operating revenue

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

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

(III) Acquisitions of property, plant and equipment

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

(IV) Lease agreements

Accounting Item Posted	Related Parties Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	Other related parties	\$ <u>20,996</u>	\$ <u>21,449</u>	\$ <u>21,599</u>

Related Parties Category/Name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Interest expense</u>				
Other related parties	\$ <u>88</u>	\$ <u>90</u>	\$ <u>266</u>	\$ <u>274</u>

<u>Lease Expenses (Posted Under Operating Costs and Operating Expenses)</u>				
Other related parties	\$ <u>722</u>	\$ <u>392</u>	\$ <u>1,505</u>	\$ <u>1,103</u>

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

(V) Endorsement/guarantee

Acquiring Endorsement/guarantee

Category/Name of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Sen-Mei Cheng			
Endorsed Amount	\$ 2,490,000	\$ 3,910,000	\$ 4,110,000
Actual Borrowing Amount	(<u>1,400,000</u>)	(<u>1,000,000</u>)	(<u>1,250,000</u>)
	\$ <u>1,090,000</u>	\$ <u>2,910,000</u>	\$ <u>2,860,000</u>

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

Category/Name of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Sen-Mei Cheng			
Endorsed Amount	\$ 158,250	\$ 108,371	\$ 130,984
Actual Borrowing Amount	<u>-</u>	(<u>32,591</u>)	(<u>34,174</u>)
	\$ <u>158,250</u>	\$ <u>75,780</u>	\$ <u>96,810</u>

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

Category/Name of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Kou-Yen Cheng			
Endorsed Amount	\$ 11,483,715	\$ 11,636,440	\$ 14,289,598
Actual Borrowing Amount	(<u>9,116,528</u>)	(<u>9,694,337</u>)	(<u>11,277,830</u>)
	\$ <u>2,367,187</u>	\$ <u>1,942,103</u>	\$ <u>3,011,768</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

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 43,545	\$ 25,354	\$ 123,854	\$ 58,623
Retirement Benefit Plan	98	84	340	380
	<u>\$ 43,643</u>	<u>\$ 25,438</u>	<u>\$ 124,194</u>	<u>\$ 59,003</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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at amortized cost	\$ 65,415	\$ 342,815	\$ 354,186
Property, plant and equipment	-	681,702	698,660
	<u>\$ 65,415</u>	<u>\$ 1,024,517</u>	<u>\$ 1,052,846</u>

XXXI. Significant Contingent Liabilities and Unrecognized Contractual Commitments

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

(I) Unrecognized contractual commitments of the Group

	September 30, 2024	December 31, 2023	September 30, 2023
Payments for property, plant and equipment	<u>\$ 205,796</u>	<u>\$ 742,325</u>	<u>\$ 786,021</u>

(II) The Company signed a 10-year technology sales contract with a non-related party in July 2008, and the Company obtained the expertise in the production of injection molded Velcro. According to the contract, the Company 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 Company 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 Company 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 Company 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 Company 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 undertaking cannot be accomplished.

XXX. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information is summarized and expressed in foreign currencies other than the functional currencies of the entities of the Group. The exchange rates disclosed are the exchange rates of converting these foreign currencies into functional currencies. Assets and liabilities in foreign currencies with significant impacts:

Financial Assets	September 30, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Monetary Items</u>						
USD	\$ 24,494	31.65	\$ 775,235	\$ 42,010	30.705	\$ 1,289,917
VND	679,829,558	0.00127	863,384	58,959,789	0.00128	75,338
RMB	24,305	4.523	109,932	6,300	4.327	27,260
HKD	8,038	4.075	32,755	5,647	3.929	22,187
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
VND	387,108,176	0.00127	491,627	268,615,772	0.00128	343,231
USD	552	31.65	17,471	2,597	30.705	79,741
RMB	4,165	4.523	18,838	3,536	4.327	15,300
HKD	2,357	4.075	9,605	-	3.929	-

Financial Assets	September 30, 2023		
	Foreign Currency	Exchange Rate	NTD
<u>Monetary Items</u>			
USD	\$ 41,351	32.27	\$ 1,334,397
RMB	18,578	4.415	82,022
VND	53,238,431	0.00133	70,613
HKD	7,031	4.123	28,989
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	13,749	32.27	443,680
VND	54,536,486	0.00133	72,334
RMB	3,361	4.415	14,839
HKD	3	4.123	12

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

Functional currency	July 1 to September 30, 2024			July 1 to September 30, 2023		
	Exchange Rate	Net Exchange Loss	Foreign Gain and	Exchange Rate	Net Exchange Loss	Foreign Gain and
NTD	1	(\$	9,868)	1	\$	17,792
USD	32.301		29,280	31.684	(19,411)
RMB	4.504	(9,199)	4.367	(519)
HKD	4.141		53	4.05	(10)
VND	-		-	0.0013		7,224
		\$	10,266		\$	5,076

Functional currency	January 1 to September 30, 2024			January 1 to September 30, 2023		
	Exchange Rate	Net Exchange Loss	Foreign Gain and	Exchange Rate	Net Exchange Loss	Foreign Gain and
NTD	1	\$	14,814	1	\$	23,612
USD	32.034	(2,529)	30.928	(27,902)
RMB	4.443		655	4.394		7,369
HKD	4.100		12	3.948	(62)
VND	-		-	0.0013		1,286
		\$	<u>12,952</u>		\$	<u>4,303</u>

XXXI. Separately Disclosed Items

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

1. Financing provided to others: See Table 1.
2. Endorsement/guarantee provided for others: See Table 2.
3. Marketable securities held (excluding investment in subsidiaries, associates, and joint controlled entities): None.
4. Marketable securities cumulatively 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. Purchases and sales with related parties with the amount reaching NT\$100 million or more than 20% of the paid-in capital: See Table 5.
8. Receivables from related parties with the amount reaching NT\$100 million or more than 20% of the paid-in capital: See Table 6.
9. Trading in derivative instruments: None.
10. Others: Business relations and important transactions and amounts between parent and subsidiaries and between subsidiaries: See Table 7.
11. Information of the investee company: See Table 8.

(III) Information on Investment in Mainland China:

1. The name of the investee company in mainland China, main business items, paid-in capital, investment method, capital remittance inward and outward, shareholding ratio, current profit or loss and recognized investment profit or loss, period-end book amount of investment, investment profit repatriated, and limit of investment in Mainland China: 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) Amount and percentage of purchases and the ending balance and percentage of related payables: See Table 7.
 - (2) Amount and percentage of sales and the ending balance and percentage of related receivables: See Tables 5 and 7.
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (4) Ending balance of bill endorsements/guarantees or provision of collateral and purposes: See Table 2.

- (5) Maximum balance, ending balance, interest rate range and total current interest of financing: See Tables 1, 6 and 7.
 - (6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor 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 was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	January 1 to September 30, 2024	January 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Production	\$ 11,517,481	\$ 9,263,288	\$ 2,261,480	\$ 881,320
Powder Coating	-	-	-	(122)
Construction	78,999	24,772	(59,314)	(76,577)
Total from continuing operations	<u>\$ 11,596,480</u>	<u>\$ 9,288,060</u>	2,202,166	804,621
Interest income			42,658	37,680
Other income and benefits			69,111	75,118
Foreign exchange gain			12,952	4,303
Finance costs			(440,173)	(445,514)
Other expenses and losses			(54,213)	(93,360)
Profit before income tax			<u>\$ 1,832,501</u>	<u>\$ 382,848</u>

Segment profit represented the profit earned by each segment without interest income, subsidy revenue, property disposition gain or loss, foreign exchange gain or loss, 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, the measured amounts of assets and liabilities were zero.

Table 1
Taiwan Paiho Limited and subsidiaries
Financing Provided to Others
January 1 to September 30, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related party or not	Maximum Balance of the Current 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		Lending limit of individual objects (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)	\$ 147,806 (USD 4,670)	\$ 147,806 (USD 4,670)	3.75%-4.2%	Necessary for long-term financing	\$ -	Operating turnover	\$ -	—	\$ -	\$ 7,606,914	\$ 7,606,914
		PT. Paiho Indonesia	Receivable from related parties	Y	370,675 (USD 12,000)	284,850 (USD 9,000)	253,200 (USD 8,000)	3.75%-4.2%	Necessary for long-term financing	-	Operating turnover	-	—	-	7,606,914	7,606,914
2	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	Receivable from related parties	Y	2,332,405 (USD 73,000)	2,088,900 (USD 66,000)	1,993,950 (USD 63,000)	3-month USD TAIFX rate + 1.1%, and 3-month USD TAIFX rate + 1%	Necessary for short-term financing	-	Operating turnover	-	—	-	2,546,550	2,546,550
3	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Receivable from related parties	Y	483,350 (RMB 110,000)	135,690 (RMB 30,000)	45,230 (RMB 10,000)	3.5%-4.2%	Necessary for short-term financing	-	Operating turnover	-	—	-	1,791,471	1,791,471
4	Wuxi Paiwei Company	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivable from related parties	Y	65,475 (RMB 15,000)	67,845 (RMB 15,000)	-	-	Necessary for short-term financing	-	Operating turnover	-	—	-	81,226	81,226
5	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivable from related parties	Y	334,983 (USD 10,500)	300,675 (USD 9,500)	300,675 (USD 9,500)	3-month USD TAIFX rate + 1.1%, and 3-month USD TAIFX rate + 1%	Necessary for short-term financing	-	Operating turnover	-	—	-	355,132	355,132
		Paiho Shih Holdings Corporation	Receivable from related parties	Y	97,590 (USD 3,000)	-	-	3-Month USD TAIFX rate + 1%	Necessary for short-term financing	-	Operating turnover	-	—	-	355,132	355,132
6	Dongguan Paihong Industry Co., Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivable from related parties	Y	218,250 (RMB 50,000)	226,150 (RMB 50,000)	-	-	Necessary for short-term financing	-	Operating turnover	-	—	-	1,000,974	1,000,974
		Wuxi Paihong Real Estate Co., Ltd.	Receivable from related parties	Y	440,600 (RMB 100,000)	452,300 (RMB 100,000)	284,949 (RMB 63,000)	3.7%	Necessary for long-term financing	-	Operating turnover	-	—	-	2,502,436	2,502,436
		Hong Kong Best Expectation International Trading Limited	Receivable from related parties	Y	883,400 (RMB 200,000)	-	-	-	Necessary for long-term financing	-	Operating turnover	-	—	-	2,502,436	2,502,436

Note 1: For borrowers with 50% or more voting shares directly or indirectly owned by the Company, 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 Company. to Thomas Dynamic Material (Jiangsu) Co., Ltd. shall be no more than 40% of the net worth of Wuxi Paiwei Company.

Note 5: For borrowers whose voting shares are 100% owned, directly or indirectly, by the Company 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 Company 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 for others

January 1 to September 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Endorsement/ guarantee Company Name	Endorsee/Guaranteed Party		Limits on Endorsement/Gu arantee Given to Each Entity (Note 2)	Highest Endorsement Guarantee Balance for the Current Period (Note 4)	Endorsement/Guar antee Balance at the End of the Period (Note 5)	Actual Borrowing Amount (Note 5)	Amount of Endorsement/Guar antee Secured by Assets	Ratio of Accumulated Endorsement/Gu arantee Amount to Net Value in the Latest Financial Statement	Endorsement/Gu arantee 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 Company	Paiho Int'l Limited	(Note 1)	\$ 30,871,850	\$ 63,185 (USD 2,000)	\$ 31,650 (USD 1,000)	\$ -	\$ -	0.26%	\$ 49,394,960	Y	—	—
		Zhong Yuan Xing Ye Company Ltd...	(Note 1)	30,871,850	64,335 (USD 2,000)	63,300 (USD 2,000)	-	-	0.51%	49,394,960	Y	—	—
		PT. Paiho Indonesia	(Note 1)	30,871,850	2,854,125 (USD 89,000)	2,405,400 (USD 76,000)	633,000 (USD 20,000)	-	19.48%	49,394,960	Y	—	—
1	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 1)	15,915,938	8,026,795 (USD 253,000)	6,520,691 (USD 206,025)	4,743,702 (USD 149,880)	-	102.42%	25,465,500	—	—	—
		Hong Kong Best Expectation International Trading Limited	(Note 1)	15,915,938	3,579,863 (USD 112,500)	3,560,625 (USD 112,500)	2,848,500 (USD 90,000)	-	55.93%	25,465,500	—	—	—
2	Dongguan Paihong Industry Co., Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd.	(Note 2)	6,256,090	447,500 (RMB 100,000)	452,300 (RMB 100,000)	226,150 (RMB 50,000)	-	18.07%	10,009,743	—	Y	Y

Note 1: The relationship of endorsement/guarantee party and endorsee/guaranteed party should be the company holding more than 50% of the voting shares directly or indirectly.

Note 2: The relationship of endorsement/guarantee party and endorsee/guaranteed party should be the company holding more than 50% of the voting shares of the Company directly or indirectly.

Note 3: For the Company'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 value of the Company and Paiho Shih Holdings Corporation, respectively, and the total amount shall not exceed the limit of total endorsements/guarantees.

Note 4: For the Company'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 value of the Company and Paiho Shih Holdings Corporation, respectively.

Note 5: The endorsement and guarantee amount provided by Dongguan Paihong Industry Co., Ltd to Thomas Dynamic Material (Jiangsu) Co., Ltd. shall not exceed 250% of the net worth of Dongguan Paihong Industry Co., Ltd, but the limit of the total amount of endorsements/guarantees shall not exceed 400% of the net worth of Dongguan Paihong Industry Co., Ltd.

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.

Table 3
 Taiwan Paiho Limited and subsidiaries
 Buying or selling the same securities with the cumulative amount reaching NT\$300 million or more than 20% of the paid-in capital
 January 1 to September 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)		Buy		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 Company	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	\$ 8,079,612
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	3,300,606
Dongguan Paihong Industry Co., Ltd	Equity	Investments accounted for using the equity method	Shanghai Best Expectation Textile Trading Limited	Subsidiary	-	(64,998) (RMB 14,788)	-	715,291 (RMB 161,000)	-	-	-	-	-	281,338 (RMB 62,181)
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	320,344 (USD 10,000)	-	-	-	-	95,063,700	(218,191) (USD 6,882)
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)	-	320,344 (USD 10,000)	-	-	-	-	-	2,566,753 (USD 80,957)

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 opening and closing 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 Property from Related Parties Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital

January 1 to September 30, 2024

(In Thousands of Foreign Currency)

Acquiring Company	Asset Name	Transaction Date or Occurrence Date	Amount (Note)	Payment Status	Counterparty	Relationship	If the trading partner is a related party, the reference basis for				determining the price of the previously transferred data	Purpose of acquisition and status of use	Other agreements
							Owner	Relationship with the issuer	Transfer date	Amount			
Wuxi Paihong Real Estate Co., Ltd.	Construction	September 8, 2021, May 19, 2022 and January 6, 2023	RMB 140,756	RMB 139,914 had been paid by the end of September 2024.	China Construction Dongfang Decoration Co., Ltd.	—	—	—	—	\$ -	- Agreed by both parties with reference to the market situation.	Operational needs	—
Vietnam Paihong Limited Company	Construction	March 25, 2022 and May 10, 2022	VND 2,098,996,539	VND 2,098,996,539 had been paid by the end of September 2024.	NEWTECONS INVESTMENT CONSTRUCTION JOINT STOCK COMAPNY	—	—	—	—	-	- Agreed by both parties with reference to the market situation.	Operational needs	—
Vietnam Paihong Limited Company	Construction	August 25, 2022	VND 254,164,430	VND 254,164,430 had been paid by the end of September 2024.	Acter Group Corporation Limited	—	—	—	—	-	- Agreed by both parties with reference to the market situation.	Operational needs	—
PT. Paiho Indonesia	Construction	April 14, 2022, July 25, 2022 and November 15, 2022	IDR 184,700,000	IDR 183,090,000 had been paid by the end of September 2024.	PT. MEGA DUNIA KONSTRUKSINDO	—	—	—	—	-	- Agreed by both parties with reference to the market situation.	Operational needs	—

Note: The amount of transactions is 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 September 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 %	Credit Period	Unit Price	Credit Period	Balance (Note 2)	Percentage of Total Notes and Trade receivable (payable)	
The Company	Hong Kong Best Expectation International Trading Limited	(Note 1)	(Sales)	\$ 170,335	(7%)	Payment to be received in approximately 3 months	At the Company's cost plus 15% or at market price	About 3 months	\$ 53,300	11%	—
	He Mei Xing Ye Company Ltd.	(Note 1)	(Sales)	109,046	(5%)	Payment to be received in approximately 3 months	At the Company's cost plus 15% or at market price	About 3 months	13,486	3%	—
Vietnam Paiho Limited	He Mei Xing Ye Company Ltd.	(Note 1)	(Sales)	446,399 (USD 13,935)	(16%)	Payment to be received in approximately 3 months	At market price	About 3 months	48,456 (USD 1,531)	10%	—
Zhong Yuan Xing Ye Company Ltd.	PT. Paiho Indonesia	(Note 1)	(Sales)	154,182 (USD 4,813)	(100%)	Payment to be received in approximately 3 months	At market price	About 3 months	54,976 (USD 1,737)	100%	—
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company (Note 3)	(Note 1)	(Sales)	352,585 (USD 11,018)	(24%)	Payment to be received in approximately 3 months	At market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	8,268 (USD 261)	3%	—
	Dongguan Paihong Industry Co., Ltd (Note 3)	(Note 1)	(Sales)	232,018 (USD 4,563) (RMB 19,373)	(16%)	Payment to be received in approximately 3 months	Calculated at market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	44,423 (USD 465) (RMB 6,567)	16%	—
	Thomas Dynamic Material (Jiangsu) Co., Ltd. (Note 3)	(Note 1)	(Sales)	195,349 (USD 2,342) (RMB 27,240)	(13%)	Payment to be received in approximately 3 months	Calculated at market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	32,840 (RMB 7,261)	12%	—
Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited (Note 3)	(Note 1)	(Sales)	285,549 (USD 8,914)	(21%)	Payment to be received in approximately 3 months	At market price or at 85% of Hong Kong Best Expectation International Trading Limited's selling price	About 3 months	123,695 (USD 3,908)	28%	—
Dongguan Paihong Industry Co., Ltd	Hong Kong Best Expectation International Trading Limited (Note 3)	(Note 1)	(Sales)	170,920 (RMB 38,450)	(6%)	Payment to be received in approximately 3 months	At market price or at 85% of Hong Kong Best Expectation International Trading Limited's selling price	About 3 months	57,268 (RMB 12,661)	7%	—
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Hong Kong Best Expectation International Trading Limited (Note 3)	(Note 1)	(Sales)	111,304 (RMB 25,053)	(10%)	Payment to be received in approximately 3 months	At market price or at 85% of Hong Kong Best Expectation International Trading Limited's selling price	About 3 months	31,933 (RMB 7,060)	10%	—

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

September 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party (Note 3)	Relationship	Ending Balance (Note 1)	Turnover Rate	Number 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)	\$ 255,321	-	\$ -	—	\$ -	\$ -
	Vietnam Paiho Limited	(Note 2)	(USD 8,067)	-	-	—	22,652	-
Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 2)	(USD 4,720)	-	-	—	(USD 716)	-
	Vietnam Paihong Limited Company	(Note 2)	2,013,049	-	-	—	7,076	-
Hon Shin Corp.	Vietnam Paihong Limited Company	(Note 2)	(USD 63,603)	-	-	—	(USD 224)	-
	Vietnam Paihong Limited Company	(Note 2)	304,432	-	-	—	3,737	-
Dongguan Paihong Industry Co., Ltd	Wuxi Paihong Real Estate Co., Ltd.	(Note 2)	(USD 9,619)	-	-	—	(USD 118)	-
	Hong Kong Best Expectation International Trading Limited	(Note 2)	293,685	-	-	—	-	-
Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(Note 2)	(RMB 64,932)	-	-	—	-	-
			123,695	-	-	—	-	-
			(USD 3,908)	-	-	—	-	-

Note 1: Including account 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 September 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 Company	He Mei Xing Ye Company Ltd.	(1)	Operating revenue	\$ 109,046	About 3 months	1
		Vietnam Paiho Limited	(1)	Operating revenue	82,888	About 3 months	1
		Zhong Yuan Xing Ye Company Ltd..	(1)	Operating revenue	77,342	About 3 months	1
		Hong Kong Best Expectation International Trading Limited	(1)	Operating revenue	170,335	About 3 months	2
1	Paiho Int'l Limited	Vietnam Paiho Limited	(1)	Receivable from related parties	USD 4,720	—	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 64,932	—	1
		Hong Kong Best Expectation International Trading Limited	(1)	Operating revenue	RMB 38,450	About 3 months	2
3	Zhong Yuan Xing Ye Company Ltd.	PT. Paiho Indonesia	(3)	Operating revenue	USD 4,813	About 3 months	1
4	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(1)	Receivable from related parties	USD 63,603	—	6
			(1)	Interest revenue and other revenue	USD 3,669	—	1
5	Vietnam Paiho Limited	He Mei Xing Ye Company Ltd.	(2)	Operating revenue	USD 13,935	About 3 months	4
		Paiho North America Corp.	(3)	Operating revenue	USD 2,444	About 3 months	1
6	Hon Shin Corp.	Vietnam Paihong Limited Company	(3)	Receivable from related parties	USD 9,619	—	1
7	Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	(1)	Operating revenue	USD 11,018	About 3 months	3
		Dongguan Paihong Industry Co., Ltd	(2)	Operating revenue	USD 4,563	About 3 months	1
			(2)	Operating revenue	RMB 19,373	About 3 months	1
			(2)	Operating revenue	RMB 19,373	About 3 months	1
8	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	(2)	Operating revenue	USD 2,342	About 3 months	1
		Hong Kong Best Expectation International Trading Limited	(2)	Operating revenue	RMB 27,240	About 3 months	1
			(1)	Operating revenue	RMB 25,053	About 3 months	1
9	Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(2)	Operating revenue	USD 8,914	About 3 months	2
			(2)	Receivable from related parties	USD 3,908	—	-

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 about the investees and locations, etc.

January 1 to September 30, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency)

Investee	Name of Investee (Note 3)	Location	Main Businesses and Products	Original investment amount		Holding at the end of the period			Profit/loss of the investee in the current period	Profit/loss recognized in the current period (Note 3)	Remark
				End of the Period	End of Last Year	Number of shares	Ratio	Carrying Amount (Note 3)			
The Company	Paiho Int'l Limited	British Virgin Islands	International investment	\$ 822,163	\$ 511,213	24,368,565	100%	\$ 8,079,612	\$ 875,175	\$ 880,298	Subsidiary
	Paiho Group Inc.	British Virgin Islands	International investment	338,385	338,385	8,567,663	100%	348,504	8,068	8,068	Subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	536,266	536,266	178,200	99%	1,497,568	163,284	161,651	Subsidiary
	Paiho North America Corporation	California, USA	Sales of touch fasteners and various type of webbings	266,330	266,330	800,000	100%	312,327	29,577	29,577	Subsidiary
	Spring Rich Limited	Changhua County, Taiwan	Extra processing of webbings	3,000	3,000	-	100%	6,707	392	392	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%	1,745,875	532,405	175,534	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%	3,300,606	330,726	(Note 1)	Indirect subsidiary
	He Mei Xing Ye Company Ltd.	British Samoa	Internal investment and trade	USD 16,263	USD 16,263	23,636,140	100%	3,828,085	690,844	(Note 1)	Indirect subsidiary
	Zhong Yuan Xing Ye Company Ltd.	British Samoa	International trading	USD 5,760	USD 5,760	5,760,000	100%	58,979	9,824	(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%	15,127	163,284	(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%	3,549,469	532,405	(Note 1)	Indirect subsidiary of subsidiary
Paiho Group Inc.	Paiho Holdings Co., Ltd.	British Virgin Islands	International investment	338,385	338,385	8,567,663	100%	348,501	8,068	(Note 1)	Indirect subsidiary
	Paiho Holdings Co., Ltd.	British Virgin Islands	International investment	256,198	256,198	6,601,385	100%	345,932	8,191	(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%	4,493,744	257,940	(Note 1)	Indirect subsidiary of subsidiary
	Hon Shin Corp.	British Samoa	Internal investment and trading	USD 20,000	USD 20,000	20,000,000	100%	345,424	18,774	(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%	2,566,753	(259,427)	(Note 1)	Indirect subsidiary under several layers of holding
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Hong Kong	Internal investment and trade	USD 95,064	USD 85,064	95,063,700	100%	(218,191)	(292,513)	(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: It has been written off.

Table 9
Taiwan Paiho Limited and subsidiaries
Information on Investment in Mainland China
January 1 to September 30, 2024

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 Income (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 Limited y	Non-residential property leasing	\$ 155,911 (RMB 34,471)	(Note 1)	\$ -	\$ -	\$ -	\$ -	\$ 1,134	100%	\$ 1,134	\$ 155,260	\$ 1,214,739
Thomas Dynamic Material (Jiangsu) Co., Ltd. (Note 7)	Processing of touch fasteners, webbing and embroidery	1,739,511 (RMB 384,592)	(Note 1)	511,620	-	-	511,620	289,031	50%	143,965	2,410,121	481,171
Wuxi Paisen Commerce Co., Ltd.	Non-residential property leasing	246,186 (RMB 54,430)	(Note 1)	258,391	-	-	258,391	8,204	100%	8,204	341,637	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.	1,614,837 (RMB 357,028)	(Note 1)	141,664	-	-	141,664	380,845	50%	189,764	1306,334	195,107
Wuxi Paihong Real Estate Co., Ltd. (Note 7)	Commercial housing management, planning, consulting, and property sales, development, leasing, design and decoration	1,718,740 (RMB 380,000)	(Note 1)	(Note 2)	-	-	-	(54,309)	50%	(27,156)	1,283,139	-
Wuxi Paiwei Company. (Note 7)	Production and sales of masks and non-woven fabrics	587,990 (RMB 130,000)	(Note 1)	(Note 3)	-	-	-	(4,417)	50%	(2,180)	101,179	-
Shanghai Best Expectation Textile Trading Limited (Note 7)	Internal investment and trading	3,650,061 (RMB 807,000)	(Note 1)	(Note 4)	-	-	-	(291,811)	50%	(145,414)	161,433	-

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)	\$ 97,043 (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 Company 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.