

TSE : 9938

Taiwan Paiho Limited and subsidiaries

Consolidated Financial Statements and
CPA Review Report
Q1 2021 and Q1 2020

Address: No. 575, Hegang Road, Hemei Township, Changhua County
Telephone: (04)7565311

Table of content

item	Page	Notes to financial statements
I. Cover page	1	-
II. Table of content	2	-
III. Auditors' Report	3-5	-
IV. Consolidated Balance Sheet	6	-
V. Consolidated Income Statement	7-8	-
VI. Consolidated Statement of Changes in Shareholders' Equity	9	-
VII. Consolidated Statement of Cash Flows	10-11	-
VIII. Notes to Consolidated Financial Statements		
(I) Company History	12	I
(II) Date and procedure for approval of Financial Statements	12	II
(III) The application of new and amended standards and interpretation of the standards	12-13	III
(IV) Note the significant accounting policies in aggregate	14-15	IV
(V) The primary source of uncertainties in significant accounting judgement, estimate, and assumption	15	V
(VI) Note to significant accounting items	15-43	VI-XXVI
(VII) Related-party transactions	43-44	XXVII
(VIII) Pledged assets	44	XXVIII
(IX) Significant contingent liabilities and unrecognized contractual commitment	44-46	XXIX
(X) Major loss from disasters	-	-
(XI) Materiality after the reporting period	-	XXX
(XII) Additional information	-	-
(XIII) Assets and liabilities denominated in foreign currencies with significant influence Information	46-47	XXXI
(XIV) Disclosure of notes to financial statements		
1. Information on major transactions	47,48, 51-60	XXXII
2. Information on direct investment	47,48, 51-60	XXXII
3. Information on investment in Mainland China	48,49, 51-61	XXXII
4. Information on dominant shareholders	49,62	XXXII
(XV) Information on segments	49,50	XXXIII

CPA Review Report

To: Taiwan Paiho Limited

Foreword

We have reviewed the consolidated balance sheet on March 31, 2021 and March 31, 2020 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1 to March 31, 2021 and January 1 to March 31, 2020 and the notes to the consolidated financial statements (including the summary of significant accounting policies) of Taiwan Paiho Limited and Subsidiaries (hereinafter referred to as “Paiho Group”). It is the responsibility of the management to fairly present the Consolidated Financial Statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 – “Interim Report” recognized and announced by Financial Supervisory Commission. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Consolidated Financial Statements.

Scope

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

Basis of qualified conclusion

As stated in Note 12 to the Consolidated Financial Statements, the financial statements of some of the crucial subsidiaries included in the aforementioned consolidated financial statements covering the same period have not been audited. The total assets as of March 31, 2021 and March 31, 2020 amounted to NT\$3,260,353 thousand and NT\$3,188,993 thousand (the same currency denomination will be used all through this report), which accounted for 10% and 11% of the consolidated total assets, respectively. The total liabilities amounted to NT\$1,385,745 thousand and NT\$1,248,827 thousand, or amounted to 7% of the total liabilities respectively. The total comprehensive income in the period of January 1 to March 31, 2021 and January 1 to March 31, 2020 amounted to NT\$75,848 thousand and NT\$28,691 thousand, or accounted for 11% and 5% of the total comprehensive income, respectively.

Qualified conclusion

Our review result indicated that nothing nonconforming to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Report” recognized and announced by the Financial Supervisory Commission was found in the compilation of the aforementioned consolidated financial statements, in all material aspects, by Taiwan Paiho Group except in circumstances that the consolidated financial statements shall be subject to adjustment if the financial statements of the crucial subsidiaries have been audited as stated in the section of the basis of qualified opinion, which may affect the fair presentation of the consolidated financial position of Taiwan Paiho Group as of March 31, 2021 and March 31, 2020, and the consolidated financial performance and consolidated cash flows of the group in the period of January 1 to March 31, 2021 and January 1 to March 31, 2020.

Deloitte Taiwan

Shu-Chin Chiang, CPA

Ting-Chien Su, CPA

Financial Supervisory Commission
approval document No.

Jin-Guan-Zheng-Shen-Zi
No.1000028068

Financial Supervisory Commission approval
document No.

Jin-Guan-Zheng-Shen-Zi
No.1070323246

May 7, 2021

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 Sheet
March 31, 2021 and December 31, 2020, March 31, 2020

Unit: NT\$1,000

Code	Asset	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 5,320,394	16	\$ 5,988,581	19	\$ 3,519,185	12
1110	Financial assets at fair value through profit and loss – current (Note 7)	1,008,194	3	644,182	2	-	-
1136	Financial assets measured at amortized cost – current (Notes 9, 29)	588,426	2	711,689	2	1,108,181	4
1150	Note receivable (Note 10)	134,995	-	178,958	1	110,207	-
1170	Account receivable (Note 10)	2,762,185	9	2,480,638	8	2,548,029	9
1200	Other receivable	541,963	2	479,042	1	569,453	2
1310	Inventory – manufacturing sector (Note 11)	2,469,822	8	2,243,394	7	2,501,481	9
1320	Inventory – construction sector (Note 11)	3,675,030	11	3,134,576	10	2,306,369	8
1470	Other current assets (Note 17)	699,273	2	674,890	2	484,353	2
11XX	Total current assets	17,200,282	53	16,535,950	52	13,147,258	46
	Non-current assets						
1517	Financial assets at fair value through other comprehensive profit and loss – non-current (Note 8)	-	-	-	-	30,643	-
1535	Financial assets measured at amortized cost – non-current (Notes 9, 29)	29,189	-	29,143	-	29,914	-
1600	Property, plant and equipment (Notes, 13, 29)	12,563,688	39	12,607,349	40	13,002,327	45
1755	Right of use assets (Notes 14, 28)	1,536,440	5	1,552,252	5	1,671,421	6
1760	Investment property (Notes 14, 15)	147,418	-	149,695	-	150,752	-
1805	Good Will (Note 16)	204,663	1	204,735	1	222,063	1
1821	Other intangible assets	3,789	-	2,320	-	1,742	-
1840	Deferred income tax assets (Notes 4, 25)	274,560	1	285,592	1	190,608	1
1915	Prepayment for equipment purchase	321,621	1	325,751	1	356,131	1
1995	Other non-current assets (Note 17)	65,630	-	49,600	-	45,559	-
15XX	Total non-current assets	15,146,998	47	15,206,437	48	15,701,160	54
1XXX	Total assets	\$ 32,347,280	100	\$ 31,742,387	100	\$ 28,848,418	100
	Liabilities and shareholders' equity						
	Current liabilities						
2102	Short-term bank loans (Notes 18, 29)	\$ 5,539,256	17	\$ 3,981,840	13	\$ 5,405,168	19
2130	Contractual liabilities – current (Notes 23 and 28)	2,514,061	8	3,238,327	10	451,752	2
2150	Note payable	60,006	-	61,201	-	58,711	-
2170	Account payable	1,262,823	4	626,412	2	731,724	2
2200	Other payable (Note 19)	2,130,357	7	1,575,598	5	2,464,486	9
2230	Income tax liabilities in current period (Notes 4 and 25)	1,131,238	4	955,320	3	895,682	3
2280	Leasehold liabilities – current (Notes 14, 28)	29,161	-	27,514	-	27,786	-
2320	Current portion of long-term bank loans (Notes 18, 29)	1,392,056	4	1,182,322	4	1,120,617	4
2399	Other current liabilities	161,514	-	98,535	-	112,307	-
21XX	Total current liabilities	14,220,472	44	11,747,069	37	11,268,233	39
	Non-current liabilities						
2540	Long-term bank loans (Notes 18, 29)	4,185,617	13	5,853,557	19	4,706,886	16
2570	Deferred income tax liabilities (Notes 4, 29)	1,334,157	4	1,186,370	4	1,149,260	4
2580	Leasehold liabilities – non-current (Notes 14, 28)	106,302	1	113,528	-	130,124	1
2630	Deferred income – non-current	86,499	-	87,849	-	87,350	-
2640	Net defined benefit liabilities – non-current (Notes 4, 20)	276,827	1	282,943	1	241,803	1
2645	Temporary cash on receipt	15,718	-	17,083	-	20,578	-
25XX	Total non-current liabilities	6,005,120	19	7,541,330	24	6,336,001	22
2XXX	Total liabilities	20,225,592	63	19,288,399	61	17,604,234	61
	Shareholders' equity attributable to the Company						
3110	Capital of common stock	2,979,639	9	2,979,639	10	2,979,639	10
3200	Additional paid-in capital	727,977	2	727,926	2	727,926	3
	Retained earnings						
3310	Mandatory reserve	1,487,627	5	1,487,627	5	1,335,409	5
3320	Special reserve	448,343	1	448,343	1	230,730	1
3350	Undistributed earnings	4,425,970	14	4,737,748	15	4,111,602	14
3400	Other equities	(596,169)	(2)	(572,198)	(2)	(467,947)	(2)
31XX	Total shareholders' equity attributable to the Company	9,473,387	29	9,809,085	31	8,917,359	31
36XX	Uncontrolled equity	2,648,301	8	2,644,903	8	2,326,825	8
3XXX	Total equity	12,121,688	37	12,453,988	39	11,244,184	39
	Total liabilities and shareholders' equity	\$ 32,347,280	100	\$ 31,742,387	100	\$ 28,848,418	100

The notes attached shall constitute an integral part of this financial statement.
(Refer to the Review Report issued by Deloitte Taiwan dated May 7, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Income Statements
January 1 to March 31, 2021 and January 1 to March 31, 2020
(Reviewed only, not audited in accordance with GAAP)

Unit: NT\$1,000
Earnings per share: NTD

Code		January 1 to March 31, 2021		January 1 to March 31, 2020	
		Amount	%	Amount	%
4000	Net sale (Notes 23, 28)	\$ 4,672,371	100	\$ 4,597,397	100
5000	Cost of operation (Notes 11, 23, 24, 28)	<u>2,767,623</u>	<u>59</u>	<u>2,823,225</u>	<u>61</u>
5950	Gross profit	<u>1,904,748</u>	<u>41</u>	<u>1,774,172</u>	<u>39</u>
	Operating expense (Notes 24, 28)				
6100	Sale expense	347,831	8	339,756	8
6200	Administrative expense	203,596	4	199,355	4
6300	R&D expense	144,508	3	140,683	3
6450	Expected credit impairment (Note 10)	<u>19,501</u>	<u>1</u>	<u>44,265</u>	<u>1</u>
6000	Total operating expense	<u>715,436</u>	<u>16</u>	<u>724,059</u>	<u>16</u>
6900	Operating income	<u>1,189,312</u>	<u>25</u>	<u>1,050,113</u>	<u>23</u>
	Non-operating income and expense				
7010	Allowance income	3,291	-	4,232	-
7100	Interest income	28,207	1	18,152	-
7190	Other income	9,957	-	15,718	-
7510	Interest expense (Notes 24, 28)	(36,119)	(1)	(65,108)	(1)
7590	Miscellaneous expense (Note 24)	(4,848)	-	(7,365)	-
7630	Net exchange loss (Note 24)	(<u>1,994</u>)	<u>-</u>	(<u>10,323</u>)	<u>-</u>
7000	Total non-operating income and expense	(<u>1,506</u>)	<u>-</u>	(<u>44,694</u>)	(<u>1</u>)
7900	Earnings before taxation	1,187,806	25	1,005,419	22
7950	Income tax expense (Notes 4, 25)	<u>417,003</u>	<u>9</u>	<u>373,091</u>	<u>8</u>
8200	Net income in current period	<u>770,803</u>	<u>16</u>	<u>632,328</u>	<u>14</u>

(To next page)

(From previous page)

Code		January 1 to March 31, 2021		January 1 to March 31, 2020	
		Amount	%	Amount	%
	Other Comprehensive Income				
8360	Items likely to be reclassified as profit and loss in the future:				
8361	Difference from conversion of financial statements of foreign operations.	(\$ 62,708)	(1)	(\$ 74,723)	(2)
8399	And income tax related to items likely to be reclassified (Notes 4, 25)	<u>5,992</u>	<u>-</u>	<u>4,901</u>	<u>-</u>
8300	Other comprehensive profit and loss in current period (net income)	(<u>56,716</u>)	(<u>1</u>)	(<u>69,822</u>)	(<u>2</u>)
8500	Total comprehensive income in current period	<u>\$ 714,087</u>	<u>15</u>	<u>\$ 562,506</u>	<u>12</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 582,114	12	\$ 534,126	12
8620	Uncontrolled equity	<u>188,689</u>	<u>4</u>	<u>98,202</u>	<u>2</u>
8600		<u>\$ 770,803</u>	<u>16</u>	<u>\$ 632,328</u>	<u>14</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 558,143	12	\$ 514,522	11
8720	Uncontrolled equity	<u>155,944</u>	<u>3</u>	<u>47,984</u>	<u>1</u>
8700		<u>\$ 714,087</u>	<u>15</u>	<u>\$ 562,506</u>	<u>12</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 1.95</u>		<u>\$ 1.79</u>	
9850	Diluted	<u>\$ 1.95</u>		<u>\$ 1.79</u>	

The notes attached shall constitute an integral part of this financial statement.

(Refer to the Review Report issued by Deloitte Taiwan dated May 7, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Statement of Changes in Shareholders' equity
January 1 to March 31, 2021 and January 1 to March 31, 2020
(Reviewed only, not audited in accordance with GAAP)

Unit: NT\$1,000

Code		Shareholders' equity attributable to the Company											Total equity
		Capital of common stock (Note 22)	Additional paid-in capital (Note 22)			Retained earnings (Note 22)			Other equity (Note 22)		Total	Uncontrolled equity	
			Premium of stock transaction	The difference between the equity price and book value of shares actually acquired or disposed	Assets from donation				Difference from conversion of financial statements of foreign operations.	Unrealized gain income of financial assets measured at fair value through other profit and loss			
						Mandatory reserve	Special reserve	Undistributed earnings					
A1	Balance on January 1, 2020	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 145	\$ 1,335,409	\$ 230,730	\$ 4,471,368	(\$ 448,626)	\$ 283	\$ 9,296,693	\$ 2,370,398	\$ 11,667,091
C3	From donation	-	-	-	36	-	-	-	-	-	36	-	36
B5	Appropriation and distribution of earnings in 2019 Cash dividend for shareholders of the Company	-	-	-	-	-	-	(893,892)	-	-	(893,892)	-	(893,892)
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(91,557)	(91,557)
D1	Net income from January 1 to March 31, 2020	-	-	-	-	-	-	534,126	-	-	534,126	98,202	632,328
D3	Net comprehensive income from January 1 to March 31, 2020	-	-	-	-	-	-	-	(19,604)	-	(19,604)	(50,218)	(69,822)
D5	Total comprehensive income January 1 to March 31, 2020	-	-	-	-	-	-	534,126	(19,604)	-	514,522	47,984	562,506
Z1	Balance on March 31, 2020	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 181	\$ 1,335,409	\$ 230,730	\$ 4,111,602	(\$ 468,230)	\$ 283	\$ 8,917,359	\$ 2,326,825	\$ 11,244,184
A1	Balance on January 1, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 181	\$ 1,487,627	\$ 448,343	\$ 4,737,748	(\$ 542,523)	(\$ 29,675)	\$ 9,809,085	\$ 2,644,903	\$ 12,453,988
C3	From donation	-	-	-	51	-	-	-	-	-	51	-	51
B5	Appropriation and distribution of earnings in 2020 Cash dividend for shareholders of the Company	-	-	-	-	-	-	(893,892)	-	-	(893,892)	-	(893,892)
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(152,546)	(152,546)
D1	Net income from January 1 to March 31, 2021	-	-	-	-	-	-	582,114	-	-	582,114	188,689	770,803
D3	Net comprehensive income from January 1 to March 31, 2021	-	-	-	-	-	-	-	(23,971)	-	(23,971)	(32,745)	(56,716)
D5	Total comprehensive income January 1 to March 31, 2021	-	-	-	-	-	-	582,114	(23,971)	-	558,143	155,944	714,087
Z1	Balance on March 31, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 232	\$ 1,487,627	\$ 448,343	\$ 4,425,970	(\$ 566,494)	(\$ 29,675)	\$ 9,473,387	\$ 2,648,301	\$ 12,121,688

The notes attached shall constitute an integral part of this financial statement.
(Refer to the Review Report issued by Deloitte Taiwan dated May 7, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and subsidiaries
Consolidated Statement of Cash Flows
January 1 to March 31, 2021 and January 1 to March 31, 2020
(Reviewed only, not audited in accordance with GAAP)

Unit: NT\$1,000

Code		January 1 to March 31, 2021	January 1 to March 31, 2020
	Cash flow from operation		
A10000	Earnings before taxation in current period	\$ 1,187,806	\$ 1,005,419
A20010	Incomes and expense items:		
A20100	Depreciations	316,567	315,213
A20200	Amortization	130	642
A20300	Expected credit impairment	19,501	44,265
A20900	Interest expense	36,119	65,108
A21200	Interest income	(28,207)	(18,152)
A22500	Net loss (gain) from disposals of property, plant and equipment	13	(372)
A23700	Impairment of non-financial assets	33,669	22,763
A24100	Unrealized exchange loss	6,105	5,292
A29900	Others	(668)	(658)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets required for measurement at fair value through profit and loss	(371,626)	-
A31130	Note receivable	44,073	(24,002)
A31150	Account receivable	(295,936)	(129,203)
A31180	Other receivable	(61,810)	(256,085)
A31200	Inventory – manufacturing sector	(255,512)	(190,024)
A31200	Inventory – construction sector	(542,178)	444,538
A31240	Other current assets	(28,117)	157,583
A32125	Contractual liabilities	(717,813)	390,255
A32130	Note payable	(1,195)	8,070
A32150	Account payable	631,881	126,380
A32180	Other payable	(481,492)	(323,907)
A32230	Other current liabilities	52,438	(11,149)
A32240	Defined benefit liabilities	(5,792)	(16,393)
A33000	Cash from operation	(462,044)	1,615,583
A33100	Interest collected	28,207	18,152
A33300	Interest paid	(38,869)	(66,576)
A33500	Income tax paid	(74,196)	(106,612)
AAAA	Net cash inflow (outflow) from operation	(546,902)	1,460,547

(To next page)

(From previous page)

<u>Code</u>		<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
	Cash flow from investment		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 1,451,085)	(\$ 1,637,859)
B00050	Disposal of financial assets measured at amortized cost	1,571,728	649,051
B02700	Procurement of property, plant and equipment	(157,039)	(166,413)
B02800	Disposal of property, plant and equipment	551	2,231
B03700	Increase of refundable security deposit	(11,573)	(284)
B04500	Procurement of intangible assets	(879)	(76)
B06700	Increase of other non-current assets	(4,458)	(712)
B07100	Increase of prepayment for equipment purchase	(<u>101,346</u>)	(<u>102,362</u>)
BBBB	Net cash outflow from investment	(<u>154,101</u>)	(<u>1,256,424</u>)
	Cash flow from financing		
C00100	Increase of net short-term bank loans	1,542,795	72,735
C01600	Borrowing of long-term loans from banks	635,678	467,510
C01700	Retirement of long-term loans from banks	(2,097,323)	(416,664)
C03000	Collection (refund) of temporary cash on receipt	(1,367)	6,336
C04020	Retirement of principal of leasehold liabilities	(6,820)	(16,029)
C09900	Unclaimed overdue dividend	<u>51</u>	<u>36</u>
CCCC	Net cash inflow from financing	<u>73,014</u>	<u>113,924</u>
DDDD	Influence of changes in exchange rate on cash and cash equivalents	(<u>40,198</u>)	(<u>81,651</u>)
EEEE	Decrease (increase) of cash and cash equivalents	(668,187)	236,396
E00100	Balance of cash and cash equivalents at the beginning of period	<u>5,988,581</u>	<u>3,282,789</u>
E00200	Balance of cash and cash equivalents at the ending of period	<u>\$ 5,320,394</u>	<u>\$ 3,519,185</u>

The notes attached shall constitute an integral part of this financial statement.

(Refer to the Review Report issued by Deloitte Taiwan dated May 7, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and subsidiaries

Notes to Consolidated Financial Statements

January 1 to March 31, 2021 and January 1 to March 31, 2020

(Reviewed only, not audited in accordance with GAAP)

(The amount is express in NTD\$1,000 and \$1,000 in foreign currency unless otherwise specified)

I. Company History

Taiwan Paiho Limited (hereinafter referred to as “the Company”) was incorporated in January 1985. It manufactures and sells touch fastener, webbing, shoelace, elastic, and relevant peripheral 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 Corporation (TWSE) for trading in January 2001.

This consolidated financial statement is expressed by the functional currency of the Company, which is NTD.

II. The date and procedure for the approval of the financial report

This consolidated financial statement was passed by the Board of Directors on May 7, 2021.

III. The application of new and amended standards and the interpretation of these standards

- (I) The initial use of the IFRS, IAS, IFRIC, SIC (hereinafter collectively known as “IFRSs”) recognized and announced by the Financial Supervisory Commission.

The application of the IFRSs recognized and announced by the Financial Supervisory Commission will unlikely cause significant change in the accounting policies of the Company and the controlled entities of the Company (hereinafter referred to as “combined entities”).

- (II) IFRSs released by IASB pending on the recognition and announcement of Financial Supervisory Commission

New release/amendment/revised standard and interpretations	Effective date announced by IASB (Note 1)
“IFRSs 2018 – 2020 Annual Improvement”	January 1, 2022 (Note 2)
Amendment to IFRS 3, “introduce the conceptual framework”	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28, “investor and the sale or purchase of the assets of its associates or joint-ventures”	Not determined

(To next page)

(From previous page)

New release/amendment/revised standard and interpretations	Effective date announced by IASB (Note 1)
IFRS 17, "Insurance Contract"	January 1,2023
Amendment to IFRS 17	January 1,2023
Amendment to IAS 1, "liabilities classified as current or non-current."	January 1,2023
Amendment to IAS 1, "Disclosure of accounting policies"	January 1,2023 (Note 6)
Amendment to IAS 8, "Definition of accounting estimate"	January 1,2023 (Note 7)
Amendment to IAS 16, "Property, plant and equipment: proceeds before reaching the state of service"	January 1,2022 (Note 4)
Amendment to IAS 37, "Onerous Contract – the cost of contractual performance"	January 1,2022 (Note 5)

Note 1: The aforementioned new release/amendment/revision of standards or interpretation of these standards shall come into force as of respective years starting on the aforementioned dates unless otherwise specified.

Note 2: The amendment to IFRS 9 shall be applicable to the reporting on the swap of financial liabilities or amendment to the clause in the reporting period starting January 1, 2022. The amendment to IAS 41, "Agriculture," shall be applicable to the reporting on measurement at fair value in the reporting period starting January 1, 2022. The amendment to IFRS1 "initial use of IFRSs" is applicable retroactively to reporting period after January 1, 2022.

Note 3: The acquisition date is applicable to corporate merger in the reporting period after January 1, 2022

Note 4: This amendment is applicable to the necessary locations and the state of the plant, property and equipment in the expected mode of operation of the management from January 1, 2021 onward.

Note 5: This amendment is applicable to contract without full performance of obligations as of January 1, 2022.

Note 6: The amendment is applicable to the reporting period after January 1, 2023.

Note 7: This amendment is applicable to changes in accounting estimate and accounting policies in the reporting period starting from January 1, 2023.

As of the day this consolidated financial statement was approved and announced. The combining entities continue to assess the influence of other standards and amendment to the interpretations on the financial position and operation performance. Related influence will be disclosed after the assessment.

IV. Note to significant accounting policies in aggregate

(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 compilation

This consolidated financial report was compiled on the basis of historical data except for financial instruments at fair value and the recognized net defined benefit liabilities calculated on the basis of subtracting the fair value of plan assets from the present value of defined benefit obligations.

The measurement of fair value is based on the degree of observability and importance of the input value and is classified into Level 1, Level 2 and Level 3:

1. Level 1 input value: the quotations in active market on the same assets or liabilities that could be obtained on the measurement day.
2. Level 2 input value: The observable input value of direct (or price) or indirect (inference from price) of assets or liabilities except the quotations of Level 1.
3. Level 3 input value: The input value of assets or liabilities that could not be observed.

(III) Basis of consolidation

This consolidated financial report covers the financial reports of the Company and the controlled entities (subsidiaries) of the Company. The financial reports of the subsidiaries have been adjusted for congruence with the accounting policies of the combined entities. In preparing the consolidated financial report, the transactions, account balance, income, expense and loss of the entities have been removed in whole. The total comprehensive incomes of subsidiaries are attributable to the shareholders of the Company and the uncontrolled equity.

If the changes in the equity of the combining entity over the subsidiaries did not result in the loss of control, it should be accounted for as equity transactions. The book value of the combining entity and the uncontrolled equity has been adjusted to reflect the changes in corresponding equity of the combining entity of the subsidiaries. The amount of adjustment of the uncontrolled equity and the difference between the

payment and the fair value collected in consideration shall be directly recognized as equity attributable to the shareholders of the Company.

For information on the details of the subsidiaries, proportion of shareholding and business items, refer to Note 12, and Table 8 and Table 9.

(IV) Other significant accounting policies

Refer to note to significant accounting policies contained in the 2020 Consolidated Financial Statements further to the explanation specified below.

1. 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 from the beginning to the ending of the period in calculation. Adjustment has been made at one time with significant market fluctuation, major revision of the plan, settlement or other materiality considered.

2. Income tax

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

V. The primary source of uncertainties for significant accounting judgement, estimate, and assumptions.

For additional information, refer to the section of the primary source of uncertainties for significant accounting judgement, estimate, and assumptions contained in the 2020 consolidated financial statements.

VI. Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Petty cash and cash on hand	\$ 31,297	\$ 51,549	\$ 50,000
Certified cheque and demand deposit	2,363,822	1,060,410	2,040,766
Cash equivalents (time deposits with initial maturity in 3 months)	<u>2,925,275</u>	<u>4,876,622</u>	<u>1,428,419</u>
	<u>\$ 5,320,394</u>	<u>\$ 5,988,581</u>	<u>\$ 3,519,185</u>

VII. Financial instrument at fair value through profit and loss – current

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Non-derivative instruments required for measurement at fair value through profit and loss			
Hybrid financial assets			
- structural deposit	\$ 1,008,194	\$ 644,182	\$ -

VIII. Financial assets at fair value through other comprehensive profit and loss – non-current

Equity Instrument Investment

Name of investees	March 31, 2021	December 31, 2020	March 31, 2020
<u>Overseas common shares not listed at the exchanges (OTC market)</u>			
Hong Kong Leader Elastic Limited	\$ -	\$ -	\$ 30,643

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

IX. Financial assets measured at amortized cost

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Restricted bank deposits	\$ 588,426	\$ 711,689	\$ 1,086,595
Time deposit with initial maturity longer than 3 months.	-	-	21,586
	\$ 588,426	\$ 711,689	\$ 1,108,181
<u>Non-current</u>			
Restricted bank deposits	\$ 29,189	\$ 29,143	\$ 29,914

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

X. Note and account receivable

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Note receivable</u>			
Measured at amortized cost	<u>\$ 134,995</u>	<u>\$ 178,958</u>	<u>\$ 110,207</u>
<u>Account receivable</u>			
Measured at amortized cost			
Total book value	\$ 2,915,450	\$ 2,614,953	\$ 2,712,359
Less: allowance for loss	(<u>153,265</u>)	(<u>134,315</u>)	(<u>164,330</u>)
	<u>\$ 2,762,185</u>	<u>\$ 2,480,638</u>	<u>\$ 2,548,029</u>

The combining entity offers an average credit period of 30 to 90 days for product sale and charge no interest on account receivable. The combining entity adopts the policy of historical record on assessment of major customers. The combining entity continues to monitor its credit risk exposure and the credit rating of the counterparties of trade.

The combining entity recognizes provision for doubtful account receivable on the basis of the due date of the accounts on expected credit loss. The expected credit loss by due date of the accounts is based on the record of the customers in default and current financial position, industrial and economic trend, and industry prospect thereby classifies the customers into different group by risk level in order to determine the expected credit loss rate.

If there is objective evidence implicating undue financial hardship of the counterparties and the combining entity cannot reasonably expect the recovered amount, the combining entity will directly write off related account receivable but will continue to refer the accounts for collection. The amount recovered from collection is recognized as income.

The combining entity measures the provision for loss of account receivable as follows:

	0-90 days	91-120 days	121-150 days	151-180 days	More than 181 days	Total
Expected credit loss rate	1-4%	1-20%	1-40%	1-80%	1-100%	
<u>March 31, 2021</u>						
Total book value	\$2,593,027	\$ 167,946	\$ 77,814	\$ 28,729	\$ 47,934	\$2,915,450
Provision for loss (expected credit loss before due date)	(<u>36,035</u>)	(<u>31,722</u>)	(<u>28,476</u>)	(<u>21,279</u>)	(<u>35,753</u>)	(<u>153,265</u>)
Amortized cost	<u>\$2,556,992</u>	<u>\$ 136,224</u>	<u>\$ 49,338</u>	<u>\$ 7,450</u>	<u>\$ 12,181</u>	<u>\$2,762,185</u>
<u>December 31, 2020</u>						
Total book value	\$2,326,006	\$ 182,015	\$ 52,230	\$ 11,184	\$ 43,518	\$2,614,953
Provision for loss (expected credit loss before due date)	(<u>53,396</u>)	(<u>25,022</u>)	(<u>17,697</u>)	(<u>7,045</u>)	(<u>31,155</u>)	(<u>134,315</u>)
Amortized cost	<u>\$2,272,610</u>	<u>\$ 156,993</u>	<u>\$ 34,533</u>	<u>\$ 4,139</u>	<u>\$ 12,363</u>	<u>\$2,480,638</u>

	0–90 days	91–120 days	121–150 days	151–180 days	More than 181 days	Total
<u>March 31, 2020</u>						
Total book value	\$2,320,920	\$ 216,277	\$ 86,582	\$ 29,161	\$ 59,419	\$2,712,359
Provision for loss (expected credit loss before due date)	(<u>39,974</u>)	(<u>30,969</u>)	(<u>30,615</u>)	(<u>20,400</u>)	(<u>42,372</u>)	(<u>164,330</u>)
Amortized cost	<u>\$2,280,946</u>	<u>\$ 185,308</u>	<u>\$ 55,967</u>	<u>\$ 8,761</u>	<u>\$ 17,047</u>	<u>\$2,548,029</u>

Information on changes in provisions for loss of account receivable is shown below:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Balance at the beginning of period	\$ 134,315	\$ 121,018
Add: recognition of impairment loss in current period	19,501	44,265
Less: actual write-off in current period	(44)	(82)
Conversion difference from foreign currencies	(<u>507</u>)	(<u>871</u>)
Balance at the ending of period	<u>\$ 153,265</u>	<u>\$ 164,330</u>

XI. Inventory

(I) Manufacturing Sector

	March 31, 2021	December 31, 2020	March 31, 2020
Finished products	\$ 876,222	\$ 790,375	\$ 899,938
Work in progress	485,071	478,864	521,523
Raw materials	1,003,582	876,168	993,795
Inventory in transit	<u>104,947</u>	<u>97,987</u>	<u>86,225</u>
	<u>\$ 2,469,822</u>	<u>\$ 2,243,394</u>	<u>\$ 2,501,481</u>

Inventory in the period of January 1 to March 31, 2021 and January 1 to March 31, 2020 – manufacturing sector related cost of operation amounted to NT\$2,215,618 thousand and NT\$2,135,621 thousand, respectively. Cost of operation includes loss from falling price and idle inventory amounting to NT\$33,669 thousand and NT\$22,763 thousand, respectively.

(II) Construction Sector

	March 31, 2021	December 31, 2020	March 31, 2020
Property in development	\$ 1,178,277	\$ 2,725,435	\$ 1,531,189
Property available for sale	<u>2,496,753</u>	<u>409,141</u>	<u>775,180</u>
	<u>\$ 3,675,030</u>	<u>\$ 3,134,576</u>	<u>\$ 2,306,369</u>

Property in development

Locations	Project name	Expected date of completion	March 31, 2021	December 31, 2020	March 31, 2020
Xishan District, Wuxi	Paiho International Garden Phase II Commercial and residential buildings.	2021	\$ -	\$ 1,843,081	\$ 1,020,835
		2021	<u>1,178,277</u>	<u>882,354</u>	<u>510,354</u>
			<u>\$ 1,178,277</u>	<u>\$ 2,725,435</u>	<u>\$ 1,531,189</u>

Property available for sale

Locations	Project name	March 31, 2021	December 31, 2020	March 31, 2020
Xishan District, Wuxi	Paiho International Garden Phase I	\$ 335,900	\$ 409,141	\$ 775,180
	Paiho International Garden Phase II	<u>2,160,853</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,496,753</u>	<u>\$ 409,141</u>	<u>\$ 775,180</u>

Inventory in the period of January 1 to March 31, 2021 and January 1 to March 31, 2020 – construction related cost of operation amounted to NT\$552,005 thousand and NT\$687,604 thousand, respectively.

XII. Subsidiaries

(I) The subjects of financial reporting in these consolidated financial statements:

Name of investor	Name of subsidiary	Business type	Percentage of equity holding		
			March 31, 2021	December 31, 2021	March 31, 2020
The Company	Paiho Int'L Limited (Note)	International investment	100	100	100
	Paiho Group Inc.	International investment	100	100	100
	Pt. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	99	99	99
	Paiho North America Corporation	Sales of touch fasteners and various type of webbings	100	100	100
	Spring Rich Limited	Extra processing of webbings	100	100	100
	Vietnam Paiho Limited	Production & marketing of touch fasteners, elastics, various type of webbings and computerized embroidery	33	33	33
Paiho Int'L Limited	Paiho Shih Holdings Corporation (Note)	International investment	52	52	52
	Dongguan Paiho Textile Limited	Production and sale of touch fastener, and elastics, webbings, and electronic embroidery.	100	100	100
	He Mei Xing Ye Company Ltd. (Note)	International investment	100	100	100
	Zhong Yuan Xing Ye Company Ltd.	International trading	100	100	100
	PT.Paiho Indonesia	Production & marketing of touch fastener, various type of webbings and elastic	1	1	1
	Wuxi Paiho Textiles Co., Limited	Processing of touch	4	4	4

Name of investor	Name of subsidiary (Note)	Business type	Percentage of equity holding		
			March 31, 2021	December 31, 2021	March 31, 2020
Paiho Shih Holdings Corporation	Hong Kong Antex Limited (Note)	fastener, webbing and embroidery International investment	100	100	100
	Pai Lon International Trading Limited (Note)	International Trade	100	100	100
	Hon Shin Corp. (Note)	International investment and trading	100	100	100
	Taiwan Pai Lon Biotechnology Co. Ltd. (Note)	Production and sale of face mask and nonwoven fabrics	100	100	-
Hong Kong Antex Limited	Wuxi Paiho Textile Co., Limited (Note)	Production of touch fastener, webbings, and embroidery.	93	93	93
	Dongguan Paihong Industry Co., Ltd. (Note)	Production and sale of touch fastener, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	34	34	34
Wuxi Paiho Textile Co., Limited	Dongguan Paihong Industry Co., Ltd. (Note)	Production and sale of touch fastener, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	66	66	66
	Wuxi Paihong Real Estate Co., (Note)	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration	100	100	100
	Wuxi Paiwei Biotechnology Co., Ltd. (Note)	Production and sales of masks and non-woven products	100	100	100
Hon Shin Corp.	Vietnam Paihong Limited Company (Note)	Production and sale of mesh and other fabrics.	100	100	100
He Mei Xing Ye Company Ltd.	Vietnam Paiho Limited (Note)	Manufacture and extra processing on touch fasteners and various type of webbings	67	67	67
Paiho Group Inc.	Paiho Holdings Limited	International investment	100	100	100
Paiho Holdings Limited	Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	25	25	25
	China Star International Limited	Production & marketing of powder coating	100	100	100
	Bratis Company Limited	International investment	100	100	100
Braits Company Limited	Wuxi Paisem Chemical Fibre Co., Ltd.	Production & marketing of chemical fiber	100	100	100
Wuxi Paisem Chemical Fibre Co., Ltd.	Wuxi Paiho Textile Co., Limited (Note)	Fabrication products of touch fasteners, webbing and embroidery	3	3	3
China Star International Limited	Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating	75	75	75

The framework of direct investment as of March 31, 2021 and March 31, 2020 is shown in Table 11 and Table 12.

Refer to Table 8 and Table 9 for information on the principal places of business and countries of registration of the above subsidiaries.

Note: Compiled on the basis of audited financial statements. All the others were compiled on the basis of unaudited financial statements.

(II) Information on significant uncontrolled equity of subsidiaries

Name of subsidiary	Equity shares held by uncontrolled equity and proportion of voting right		
	March 31, 2021	December 31, 2020	March 31, 2020
Paiho Shih Holdings Corporation and subsidiaries	48%	48%	48%

Name of subsidiary	Income distributed to uncontrolled equity		Uncontrolled equity		
	January 1 to March 31, 2021	January 1 to March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
Paiho Shih Holdings Corporation and subsidiaries	<u>\$ 188,689</u>	<u>\$ 98,202</u>	<u>\$ 2,648,301</u>	<u>\$ 2,644,903</u>	<u>\$ 2,326,825</u>

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 11,645,451	\$ 11,287,848	\$ 7,900,718
Non-current assets	7,174,860	7,218,318	7,476,666
Current liabilities	(9,013,042)	(7,401,420)	(6,608,037)
Non-current liabilities	(3,829,041)	(5,157,032)	(3,530,806)
Equity	<u>\$ 5,978,228</u>	<u>\$ 5,947,714</u>	<u>\$ 5,238,541</u>

Equity attributable to:			
Shareholders of the Company	\$ 3,329,927	\$ 3,302,811	\$ 2,911,716
Paiho Shih Holdings Corporation and Subsidiaries			
Uncontrolled equity	<u>2,648,301</u>	<u>2,644,903</u>	<u>2,326,825</u>
	<u>\$ 5,978,228</u>	<u>\$ 5,947,714</u>	<u>\$ 5,238,541</u>

	January 1 to March 31, 2021	January 1 to March 31, 2020
Revenue	<u>\$ 2,457,671</u>	<u>\$ 2,256,551</u>
Net income in current period	\$ 416,966	\$ 234,401
Other comprehensive income (loss)	(<u>71,274</u>)	(<u>108,477</u>)
Total comprehensive income	<u>\$ 345,692</u>	<u>\$ 125,924</u>
Net income attributable to:		
Shareholders of the Company	\$ 228,277	\$ 136,199
Paiho Shih Holdings Corporation and Subsidiaries Uncontrolled equity	<u>188,689</u>	<u>98,202</u>
	<u>\$ 416,966</u>	<u>\$ 234,401</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ 189,748	\$ 77,940
Paiho Shih Holdings Corporation and Subsidiaries Uncontrolled equity	<u>155,944</u>	<u>47,984</u>
	<u>\$ 345,692</u>	<u>\$ 125,924</u>
Cash flow		
Operation	(\$ 953,956)	\$ 1,307,400
Investment	(124,626)	(1,086,733)
Financing	<u>242,687</u>	<u>255,168</u>
Net cash inflow (outflow)	<u>(\$ 835,895)</u>	<u>\$ 475,835</u>

XIII. Property, Plant and Equipment

January 1 to March 31, 2021	Balance at the beginning of period	Addition	Disposal	Reclassification	Net exchange difference	Balance at the ending of period
<u>Cost</u>						
Proprietary lands	\$ 578,056	\$ -	\$ -	\$ 2,000	\$ 148	\$ 580,204
Building	7,498,220	6,381	(15,432)	155,360	(1,792)	7,642,737
Machinery equipment	8,303,863	47,500	(3,025)	73,900	(9,526)	8,412,712
Transportation equipment	276,572	5,144	(2,777)	2,059	(389)	280,609
Other equipment	824,261	3,632	(10,821)	(6,610)	(3,202)	807,260
Property in construction	<u>1,159,586</u>	<u>80,214</u>	<u>-</u>	(<u>121,650</u>)	(<u>1,780</u>)	<u>1,116,370</u>
Total cost	<u>18,640,558</u>	<u>\$ 142,871</u>	<u>(\$ 32,055)</u>	<u>\$ 105,059</u>	<u>(\$ 16,541)</u>	<u>18,839,892</u>
<u>Accumulated Depreciations</u>						
Building	1,715,855	\$ 76,048	(\$ 15,432)	\$ -	(\$ 5,725)	1,770,746
Machinery equipment	3,599,270	187,571	(3,013)	1,972	(14,363)	3,771,437
Transportation equipment	151,723	7,292	(2,267)	-	(333)	156,415
Other equipment	<u>566,361</u>	<u>26,725</u>	(<u>10,779</u>)	(<u>1,972</u>)	(<u>2,729</u>)	<u>577,606</u>
Total accumulated depreciations	<u>6,033,209</u>	<u>\$ 297,636</u>	<u>(\$ 31,491)</u>	<u>\$ -</u>	<u>(\$ 23,150)</u>	<u>6,276,204</u>
Property, Plant and Equipment net amount	<u>\$ 12,607,349</u>					<u>\$12,563,688</u>

January 1 to March 31, 2020	Balance at the beginning of period	Addition	Disposal	Reclassification	Net exchange difference	Balance at the ending of period
<u>Cost</u>						
Proprietary lands	\$ 581,313	\$ -	\$ -	\$ -	\$ 659	\$ 581,972
Building	5,611,257	5,794	(1,474)	24,468	6,779	5,646,824
Machinery equipment	8,316,200	14,085	(26,246)	306,129	10,392	8,620,560
Transportation equipment	282,764	4,111	(6,404)	2,056	193	282,720
Other equipment	766,544	17,988	(4,482)	4,500	(2,913)	781,637
Property in construction	<u>2,497,643</u>	<u>119,007</u>	<u>-</u>	<u>(8,761)</u>	<u>17,366</u>	<u>2,625,255</u>
Total cost	<u>18,055,721</u>	<u>\$ 160,985</u>	<u>(\$ 38,606)</u>	<u>\$ 328,392</u>	<u>\$ 32,476</u>	<u>18,538,968</u>
<u>Accumulated Depreciations</u>						
Building	1,501,330	\$ 61,348	(\$ 1,474)	\$ -	(\$ 5,856)	1,555,348
Machinery equipment	3,149,952	199,878	(25,690)	-	(5,331)	3,318,809
Transportation equipment	133,778	8,203	(5,111)	1,181	(186)	137,865
Other equipment	<u>504,599</u>	<u>22,758</u>	<u>(4,472)</u>	<u>-</u>	<u>(2,959)</u>	<u>519,926</u>
Total accumulated depreciations	<u>5,289,659</u>	<u>\$ 292,187</u>	<u>(\$ 36,747)</u>	<u>\$ 1,181</u>	<u>(\$ 14,332)</u>	<u>5,531,948</u>
<u>Accumulated impairment</u>						
Building	<u>4,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 34)</u>	<u>4,693</u>
Property, Plant and equipment net amount	<u>\$12,761,335</u>					<u>\$13,002,327</u>

The Company is located at Hebei Section of Hemei Township, Changhua County, occupying an area of 55 m² (stated as proprietary land at NT\$264 thousand in book), in Zhongxiao Section occupying an area of 2,597 m² (stated as proprietary land at NT\$8,773 thousand) and in Tiaoxing Section occupying an area of 5,034 m² (stated as proprietary land at NT\$40,392 thousand). These lands were registered under the title of third-party agricultural lands and pledged to the Company where the Company is the lien holder with certification. Under this arrangement, the Company is the bona fide proprietor of these lands.

Depreciations is recognized along the service life span of the asset under the straight-line method

Building	
Principal structure of the plant	5 to 60 years
Electrical equipment	3 to 20 years
Engineering system	5 to 25 years
Others	3 to 10 years
Machinery equipment	2 to 16 years
Transportation equipment	2 to 11 years
Other equipment	2 to 35 years

Property, plant and equipment pledged to banks as surety for loans. For additional information, refer to Note 29.

XIV. Lease Agreement

(I) Right of use assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Book value of right of use assets			
Land	\$ 1,396,250	\$ 1,404,822	\$ 1,496,921
Building	138,004	145,020	174,500
Transportation equipment	<u>2,186</u>	<u>2,410</u>	<u>-</u>
	<u>\$ 1,536,440</u>	<u>\$ 1,552,252</u>	<u>\$ 1,671,421</u>
	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>	
Addition of right of use assets	<u>\$ 1,535</u>	<u>\$ 531</u>	
Depreciations of right of use assets			
Land	\$ 8,890	\$ 8,706	
Building	8,314	12,821	
Transportation equipment	<u>207</u>	<u>-</u>	
	<u>\$ 17,411</u>	<u>\$ 21,527</u>	

There was no major sublet and impairment of the right of use assets of the combining entity in the periods of January 1 to March 31, 2021 and January 1 to March 31, 2020 except the above addition and recognition of depreciations.

The combining entity sublet the lease land located in Wixi, China as operation lease from 2014 onward. Related right of use assets were recognized as investment property. Refer to Note 15 for additional information. The amount related to the above right of use assets does not include the right of use assets defined as investment property.

(II) Leasehold liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Book value of leasehold liabilities			
Current	<u>\$ 29,161</u>	<u>\$ 27,514</u>	<u>\$ 27,786</u>
Non-current	<u>\$ 106,302</u>	<u>\$ 113,528</u>	<u>\$ 130,124</u>

The range of discount rate of leasehold liabilities is shown below:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Building	1.67%-5.00%	1.67%-5.00%	1.67%-5.00%
Transportation equipment	3.85%	3.85%	-

(III) Sublet

Information on sublet transaction of the combining entity is stated in Note 15.

(IV) Other leasehold information

For information on the agreement on the leasing of investment property under operation lease of the combining entity, refer to Note 15.

	January 1 to March 31, 2021	January 1 to March 31, 2020
Short-term lease expense	<u>\$ 2,148</u>	<u>\$ 1,815</u>
Expense for low value asset lease	<u>\$ 5,106</u>	<u>\$ 6,076</u>
Total cash outflow from lease	<u>(\$ 15,308)</u>	<u>(\$ 25,550)</u>

XV. Investment property

January 1 to March 31, 2021	Balance at the beginning of period	Addition	Net exchange difference	Balance at the ending of period
<u>Cost</u>				
Completed investment property	\$ 172,482	\$ -	(\$ 887)	\$ 171,595
Right of use assets	<u>16,119</u>	<u>-</u>	<u>(83)</u>	<u>16,036</u>
Total cost	<u>188,601</u>	<u>\$ -</u>	<u>(\$ 970)</u>	<u>187,631</u>
<u>Accumulated Depreciations</u>				
Completed investment property	38,112	\$ 1,420	(\$ 208)	39,324
Right of use assets	<u>794</u>	<u>100</u>	<u>(5)</u>	<u>889</u>
Total accumulated depreciations	<u>38,906</u>	<u>\$ 1,520</u>	<u>(\$ 213)</u>	<u>40,213</u>
Net investment property	<u>\$ 149,695</u>			<u>\$ 147,418</u>
January 1 to March 31, 2020				
<u>Cost</u>				
Completed investment property	\$ 169,819	\$ -	(\$ 1,240)	\$ 168,579
Right of use assets	<u>15,870</u>	<u>-</u>	<u>(116)</u>	<u>15,754</u>
Total cost	<u>185,689</u>	<u>\$ -</u>	<u>(\$ 1,356)</u>	<u>184,333</u>
<u>Accumulated Depreciations</u>				
Completed investment property	31,945	\$ 1,401	(\$ 250)	33,096
Right of use assets	<u>391</u>	<u>98</u>	<u>(4)</u>	<u>485</u>
Total accumulated depreciations	<u>32,336</u>	<u>\$ 1,499</u>	<u>(\$ 254)</u>	<u>33,581</u>
Net investment property	<u>\$ 153,353</u>			<u>\$ 150,752</u>

In using equity assets in investment property, the combining entity sublets the leased lands located at Wuxi, China, as operation lease.

The lease term of investment property is seven years with an option of renewal for five years. In exercising the right of lease renewal, the lessee renewed the lease as stated in the original agreement. The lessee does not have the prerogative of buying the investment property at the expiration of the lease term.

The combining entity leased the investment property as operation lease for the collection of rent the total amount of which is shown below:

	March 31, 2021	December 31, 2020	March 31, 2020
1 st year	\$ 16,780	\$ 16,907	\$ 16,436
2 nd year	16,780	16,907	16,436
3 rd year	19,293	18,807	16,436
4 th year	19,293	19,439	18,898
5 th year	19,293	19,439	18,898
Beyond 5 years	-	4,860	18,898
	<u>\$ 91,439</u>	<u>\$ 96,359</u>	<u>\$ 106,002</u>

Depreciation of the investment property is recognized along the service life span under the straight-line method:

Completed investment property	20 years
Right of use assets	50 years

The investment property of the combining entity is located at Wuxi, China, which are the plant and land owned by the combining entity. Fair value cannot be reliably determined, as there are no frequent transactions in market and no reliable fair value for presentation is unavailable.

XVI. Good Will

	January 1 to March 31, 2021	January 1 to March 31, 2020
<u>Cost</u>		
Balance at the beginning of period	\$ 204,735	\$ 220,774
Net exchange difference	(72)	1,289
Balance at the ending of period	<u>\$ 204,663</u>	<u>\$ 222,063</u>

XVII. Other assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Tax credit	\$ 432,563	\$ 458,446	\$ 309,562
Prepayment for purchase	97,263	71,750	69,425
Prepaid expense	72,573	35,442	52,799
Others	96,874	109,252	52,567
	<u>\$ 699,273</u>	<u>\$ 674,890</u>	<u>\$ 484,353</u>
	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Refundable security deposit	\$ 35,166	\$ 23,467	\$ 24,816
Others	30,464	26,133	20,743
	<u>\$ 65,630</u>	<u>\$ 49,600</u>	<u>\$ 45,559</u>

XVIII. Loans

(I) Short-term bank loans

	March 31, 2021	December 31, 2020	March 31, 2020
Line of credit	\$ 5,539,256	\$ 3,981,840	\$ 5,344,906
Secured loans	-	-	60,262
Short-term bank loans	<u>\$ 5,539,256</u>	<u>\$ 3,981,840</u>	<u>\$ 5,405,168</u>
<u>Borrowing interest rate (%)</u>			
Line of credit	0.76-2.95	0.75-2.95	0.85-4.07
Secured loans	-	-	2.00-4.90

(II) Long-term bank loans

	March 31, 2021	December 31, 2020	March 31, 2020
Mortgage loans – from June 2022, with maturity in May 2024.	\$ 1,199,474	\$ 5,657,928	\$ 1,177,460
Line of credit – from June 2021, with maturity in December 2023.	4,378,199	1,377,951	4,650,043
	<u>5,577,673</u>	<u>7,035,879</u>	<u>5,827,503</u>
Less: presented as current portion of the loans	(1,392,056)	(1,182,322)	(1,120,617)
Long-term bank loans	<u>\$ 4,185,617</u>	<u>\$ 5,853,557</u>	<u>\$ 4,706,886</u>
<u>Borrowing interest rate (%)</u>			
Mortgage loans	1.79-2.40	1.79-2.39	1.09-3.83
Line of credit	0.74-1.75	0.74-1.75	0.79-3.83

Mortgage loans are secured by the pledge of collateral by the combining entity. For additional information, refer to Note 29.

The Company entered into a syndicated loan agreement with a consortium of banks including the Bank of Taiwan in December 2016, for borrowing NT\$1.3 billion for the retirement of loans from financial institutions and utilized as mid-term working capital. The loan agreement specified that the Company shall maintain the following ratios in the annual consolidated financial statements within the perpetuity of the loans:

1. Current ratio (current assets/current liabilities) shall not fall below 100%.
2. Liabilities ratio in 2021 (total liabilities/tangible net worth) shall not exceed 150%, and in 2020 [(total liabilities – contractual liabilities)/tangible net worth] shall not exceed 150%.
3. Debt service coverage ratio (earnings before taxation + interest expense + depreciation and amortization/interest expense) shall not fall below 4 times and
4. Tangible net worth (shareholders' equity – intangible assets) shall not fall below NT\$5 billion (inclusive).

The Company promises not to dispose vital assets and rights and not buy back outstanding shares or buyback for recapitalization within the perpetuity of the syndicated loan agreement unless under the consent of the majority of the banks of the consortium in writing.

Paiho Shih Holdings Corporation entered into a syndicated loan agreement with a consortium of banks including KGI Bank for a loan amounting to USD150 million for retirement of loans from financial institutions, financing overseas investment programs and utilizing as working capital. The loan agreement specified that Paiho Shih Holdings Corporation shall maintain the following ratios in the annual consolidated financial statements within the perpetuity of the loans:

1. Current ratio (current assets/current liabilities) shall not fall below 100%.
2. Liabilities ratio (total liabilities – advance payment for housing purchase (stated in book as contractual liabilities -current) /tangible net worth) shall not exceed 180%,
3. Debt service coverage ratio (earnings before taxation + interest expense + depreciation and amortization/interest expense) shall not fall below 3 times and
4. Tangible net worth (shareholders' equity – intangible assets) shall not fall below NT\$3.5 billion (inclusive).

Paiho Shih Holdings Corporation promises not to dispose vital assets and rights and not buy back outstanding shares or buyback for recapitalization within the perpetuity of the syndicated loan agreement unless under the consent of the majority of the banks of the consortium in writing.

XIX. Other payable

	March 31, 2021	December 31, 2020	March 31, 2020
Payable dividend	\$ 1,046,437	\$ -	\$ 985,449
Payable salaries and bonus	501,769	868,365	541,481
Payable for work and equipment	75,090	89,258	372,665
Payable remuneration to the employees and directors	73,917	85,208	66,446
Payable taxes	22,259	-	20,249
Others	410,885	532,767	478,196
	<u>\$ 2,130,357</u>	<u>\$ 1,575,598</u>	<u>\$ 2,464,486</u>

XX. Retirement Benefit Plan

The defined benefit plan and related pension expense in the period of January 1 to March 31, 2021 and January 1 to March 31, 2020 is calculated on the basis of the pension cost rate under actuarial calculation as of December 31, 2020, and December 31, 2019, which amounted to NT\$4,471 thousand and NT\$4,612 thousand, respectively.

XXI. Maturity analysis of assets and liabilities

The assets and liabilities of the combining entity and the construction business are classed as current and non-current on the basis of the business cycle. The amount to recover or settle within one year and beyond one year after the balance sheet day as expected is shown below:

	Within 1 year	Beyond 1 year	Total
<u>March 31, 2021</u>			
asset			
Other receivable	\$ 4,996	\$ -	\$ 4,996
Inventory – construction sector	2,496,753	1,178,277	3,675,030
Other current assets	308,712	-	308,712
	<u>\$ 2,810,461</u>	<u>\$ 1,178,277</u>	<u>\$ 3,988,738</u>
Liabilities			
Account payable	\$ 743,002	\$ -	\$ 743,002
Other payable	27,884	-	27,884
Contractual liabilities	2,514,061	-	2,514,061
	<u>\$ 3,284,947</u>	<u>\$ -</u>	<u>\$ 3,284,947</u>
<u>December 31, 2020</u>			
asset			
Other receivable	\$ 7,103	\$ -	\$ 7,103
Inventory – construction sector	2,252,222	882,354	3,134,576
Other current assets	183,234	-	183,234
	<u>\$ 2,442,559</u>	<u>\$ 882,354</u>	<u>\$ 3,324,913</u>
Liabilities			
Account payable	\$ 112,180	\$ -	\$ 112,180
Other payable	89,267	-	89,267
Contractual liabilities	3,238,327	-	3,238,327
	<u>\$ 3,439,774</u>	<u>\$ -</u>	<u>\$ 3,439,774</u>

	Within 1 year	Beyond 1 year	Total
<u>March 31, 2020</u>			
asset			
Account receivable	\$ 2,043	\$ -	\$ 2,043
Other receivable	26,409	-	26,409
Inventory – construction sector	1,796,015	510,354	2,306,369
Other current assets	95,585	-	95,585
	<u>\$ 1,920,052</u>	<u>\$ 510,354</u>	<u>\$ 2,430,406</u>
Liabilities			
Account payable	\$ 184,725	\$ -	\$ 184,725
Other payable	94,433	-	94,433
Contractual liabilities	451,752	-	451,752
	<u>\$ 730,910</u>	<u>\$ -</u>	<u>\$ 730,910</u>

XXII. Equity

(I) Capital of common stock

	March 31, 2021	December 31, 2020	March 31, 2020
Stated quantity of shares (1,000 shares)	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>
Stated capital	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>
Shares offered with payment in whole quantity of shares (1,000 shares)	<u>297,964</u>	<u>297,964</u>	<u>297,964</u>
Capital stock offered	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>

The common shares of stock is offered at NT\$10/share. The holder of each share is entitled to one voting right and dividend payment.

(II) Additional paid-in capital

Capital surplus, including additional paid-in capital, difference between the price for the actual acquisition or disposal of the equity shares of subsidiaries and book value, and assets from donation, could be used for covering loss carried forward. If there is no loss carried forward, capital surplus may be released as cash dividend or capitalized into new shares. The portion of capital surplus for capitalization into new share is limited to certain ratio of the paid-in capital.

(III) Retained earnings and dividend policy

The dividend policy as inscribed in the Articles of Incorporation of the Company requires that if the Company has earnings after account settlement, appropriate for tax payment and covering loss carried forward, followed by the appropriation of 10% as mandatory reserve, and appropriation or reversal of special reserve as required by law

or the competent authority. If there is still a balance, pool up with the undistributed earnings accumulated in the previous period for distribution at the proposal of the Board. If payment is made in the form of stock, present to the Shareholders' Meeting for approval before distribution. The stock dividend and bonus to be released by the Company and the mandatory reserve and retained earnings and capital surplus to be distributed in whole or in part under law payable in cash shall be subject to the resolution of the Board in a session attended by more than 2/3 of the directors and a simple majority of the votes for approval pursuant to Paragraph 5 under Article 240 of the Company Act, and report to the Shareholders' Meeting.

Refer to Note 24 (3), remuneration to the employees and directors for information on the policy of remuneration to the employees and directors of the Company under the Articles of Incorporation.

According to the Articles of Incorporation of the Company, the Company may consider the profit status to adjust the payment of dividend with the overall environment and the maturity of the industry, and corporate development and capital requirement in the future, and the taxation effect on the Company and the shareholders taken into account to maintain stable growth of the earnings per share. Dividend payment shall not fall below 25% of the net income of the year net of the appropriation for loss carried forward and the appropriation of mandatory reserve, and other undistributed earnings debit. Cash dividend shall not fall below 25% of the total dividend where the remainder shall be paid in stock dividend.

Mandatory reserve shall be appropriated until equivalent to the amount of paid-in capital. Mandatory reserve may be used for covering loss carried forward. If there is no loss carried forward, the Company may capitalize the amount of mandatory reserve in excess of the amount of the paid-in capital into new shares, or pay out in cash.

The proposal for the distribution of earnings of the Company in 2020 and 2019 is specified as follows:

	2020	2019
Mandatory reserve	\$ 153,010	\$ 152,218
Special reserve	\$ 123,855	\$ 217,613
Cash dividend	\$ 893,892	\$ 893,892
Cash dividend per share (NTD)	\$ 3	\$ 3

The aforementioned cash dividend has been resolved by the Board to distribute on March 24, 2021 and March 19, 2020, respectively. The distribution of earnings in 2019 has been approved by the General Meeting of Shareholders in regular session on June

10, 2020. The distribution for 2020 is pending on the resolution of the General Meeting of Shareholders in regular session scheduled to be held on June 17, 2021.

(IV) Special reserve

The recognition of special reserve resulted from the exchange difference from the financial statements of the foreign operations (including subsidiaries) has been reversed in the disposal ratio and liquidation of the subsidiaries. In distributing earnings, the Company shall recognize for special reserve on the difference between the net other shareholders' equity subtraction item on the last day of the reporting period and the special reserve recognized under the initial use of IFRSs. In case of reversal of the balance of other shareholders' equity subtraction, the portion of reversal could be distributed as earnings.

XXIII. Revenue and Cost

	January 1 to March 31, 2021	January 1 to March 31, 2020
Revenue from customer contracts		
Revenue from product sale	\$ 3,795,516	\$ 3,446,542
Revenue from property sale	876,855	1,150,855
	<u>\$ 4,672,371</u>	<u>\$ 4,597,397</u>
Cost of operation		
Cost of product sale	\$ 2,215,618	\$ 2,135,621
Cost of property sale	552,005	687,604
	<u>\$ 2,767,623</u>	<u>\$ 2,823,225</u>

Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020
Contractual liabilities – current			
Property sale	<u>\$ 2,514,061</u>	<u>\$ 3,238,327</u>	<u>\$ 451,752</u>

XXIV. Net income from continued operations

(I) Interest expense

	January 1 to March 31, 2021	January 1 to March 31, 2020
Interest for bank loans	\$ 34,788	\$ 63,432
Interest for leasehold liabilities	1,331	1,676
	<u>\$ 36,119</u>	<u>\$ 65,108</u>

Information on capitalization of interest:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Amount of interest for capitalization	\$ 5,289	\$ 14,312
Interest capitalization rate	1.79-2.22	1.79-3.42

(II) Employee benefit expense, depreciations and amortizations

Type	Recognized as cost of operation	Recognized as operating expense and non-operating expense	Total
<u>January 1 to March 31, 2021</u>			
Short-term employee benefits	\$ 634,247	\$ 420,051	\$ 1,054,298
Retirement benefit			
Defined appropriation plan	29,403	15,336	44,739
Defined benefit plan (Note 20)	319	4,152	4,471
Other employee benefits.	35,255	16,596	51,851
Depreciations	253,937	62,630	316,567
Amortization	-	130	130
<u>January 1 to March 31, 2020</u>			
Short-term employee benefits	511,454	396,708	908,162
Retirement benefit			
Defined appropriation plan	25,754	10,654	36,408
Defined benefit plan (Note 20)	447	4,165	4,612
Other employee benefits.	36,188	16,080	52,268
Depreciations	246,412	68,801	315,213
Amortization	-	642	642

(III) Remuneration to the employees and directors

The Company appropriates at least 1% and no more than 2% of the earnings before taxation and before the deduction of remuneration to the employees and the directors of the year as remuneration to the employees and directors. The estimated amount of remuneration to the employees and the directors in January 1 to March 31, 2021 and the period of January 1 to March 31, 2020:

	January 1 to March 31, 2021		January 1 to March 31, 2020	
	Ratio	Amount	Ratio	Amount
Remuneration to the employees	1.00%	\$ 7,758	1.00%	\$ 6,692
Remuneration to the directors	0.56%	4,397	0.65%	4,313

In case of changes in the amount after the release of the consolidated financial statement, proceed to changes in accounting estimate and enter into book in the next year.

The Board of the Company convened on March 24, 2021 and March 19, 2020. The actual amount of remuneration to the employees and Directors and the amount recognized in the consolidated financial statement are different. The difference is adjusted as income in 2021 and 2020.

	2020		2019	
	Remuneration to the employees	Remuneration to the directors	Remuneration to the employees	Remuneration to the directors
The amount approved by the Board to release	<u>\$ 27,288</u>	<u>\$ 17,589</u>	<u>\$ 26,767</u>	<u>\$ 17,254</u>
The amount recognized in the financial statement of the year	<u>\$ 27,367</u>	<u>\$ 17,654</u>	<u>\$ 27,110</u>	<u>\$ 17,475</u>

For information on the remuneration to the employees and directors approved by the Board of the Company visit the “MOPS” website of Taiwan Stock Exchange Corporation.

(IV) Exchange gain/loss

	January 1 to March 31, 2021	January 1 to March 31, 2020
Total exchange gain	\$ 26,642	\$ 37,432
Total exchange loss	(28,636)	(47,755)
Loss	(\$ 1,994)	(\$ 10,323)

XXV. Income tax on continued operations

(I) Income tax recognized as profit and loss

The major components of income tax expense:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Income tax in current period		
Generated in current period	\$ 231,510	\$ 252,992
Adjustment in the previous period	(30,449)	4,164
Land valuation tax	<u>46,539</u>	<u>23,436</u>
	247,600	280,592
Deferred income tax		
Generated in current period	169,403	91,247
Change in tax rate	<u>-</u>	<u>1,252</u>
Income tax expense recognized as profit and loss	<u>\$ 417,003</u>	<u>\$ 373,091</u>

(II) Income tax recognized as other comprehensive profit and loss

	January 1 to March 31, 2021	January 1 to March 31, 2020
<u>Deferred income tax</u>		
Generated in current period		
Difference from conversion of financial statements of foreign operations.	(\$ <u>5,992</u>)	(\$ <u>4,901</u>)

(III) Approval of income tax

The declaration of income tax by the Company and Spring Rich Limited prior to 2018 have been approved by the tax collection authorities.

XXVI. Earnings per share

	Net income attributable to shareholders of the Company (Numerator)	Quantity of shares (Denominator) (1,000 shares)	Earnings per share (NTD)
<u>January 1 to March 31, 2021</u>			
Basic earnings per share			
Net income attributable to shareholders of the Company	\$ 582,114	297,964	<u>\$ 1.95</u>
The influence of potential common share with dilution effect			
Remuneration to the employees	<u>-</u>	<u>407</u>	
Diluted earnings per share			
Net income attributable to shareholders of the Company and the influence of potential common shares.	<u>\$ 582,114</u>	<u>298,371</u>	<u>\$ 1.95</u>
<u>January 1 to March 31, 2020</u>			
Basic earnings per share			
Net income attributable to shareholders of the Company	\$ 534,126	297,964	<u>\$ 1.79</u>
The influence of potential common share with dilution effect			
Remuneration to the employees	<u>-</u>	<u>584</u>	
Diluted earnings per share			
Net income attributable to shareholders of the Company and the influence of potential common shares.	<u>\$ 534,126</u>	<u>298,548</u>	<u>\$ 1.79</u>

If the combining entity elects to remunerate the employees in stock or in cash, and assuming the remuneration will be paid in stock at the time of calculating the dilution on earnings per share, the potential common shares with dilution effect will be included in the weighted average outstanding shares in the calculation of dilution of earnings per share. In deciding the calculation of dilution on earnings per share before paying stock as remuneration to the employees of the next period, continue to consider the dilution effort of these potential common shares.

XXVII. Financial Instruments

(I) Information on fair value – Financial instruments not measured at fair value

The management of the combining entity holds that the book value of financial assets and liabilities not measured at fair value approximates fair value or the fair value of which cannot be reliably measured.

(II) Information on fair value – financial instruments at fair value on repetitive basis

1. Levels of fair value

<u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Financial assets at fair value through profit and loss</u>			
Structured deposits	\$ -	\$ 1,008,194	\$ -
<u>Financial assets at fair value through other comprehensive profit and loss</u>			
Equity Instrument Investment			
- overseas stocks not listed at the exchanges (OTC market)	\$ -	\$ -	\$ -
<u>December 31, 2020</u>			
<u>Financial assets at fair value through profit and loss</u>			
Structured deposits	\$ -	\$ 644,182	\$ -
<u>Financial assets at fair value through other comprehensive profit and loss</u>			
Equity Instrument Investment			
- overseas stocks not listed at the exchanges (OTC market)	\$ -	\$ -	\$ -
<u>March 31, 2020</u>			
<u>Financial assets at fair value through other comprehensive profit and loss</u>			
Equity Instrument Investment			
- overseas stocks not listed at the exchanges (OTC market)	\$ -	\$ -	\$ 30,643

No transfer of Level 1 and Level 2 fair value measurement on January 1 to March 31, 2021.

2. Adjustment of financial instruments at Level 3 fair value measurement

Financial assets at fair value through other comprehensive profit and loss – equity instrument

	January 1 to March 31, 2020
Balance at the beginning of period	\$ 30,395
Exchange difference	248
Balance at the ending of period	<u>\$ 30,643</u>

3. Evaluation technique and input value of Level 2 fair value measurement

Type of financial instruments	Evaluation technique and input value
Structured deposits	Cash flow discount method: Estimate the cash flow in the future basing on agreed interest rate and discount separately at the discount rate that could reflect credit risk.

(III) Type of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit and loss	\$ 1,008,194	\$ 644,182	\$ -
Measured at amortized cost (Note 1)	9,412,318	9,891,518	7,909,785
Financial assets at fair value through other comprehensive profit and loss – equity instrument investment	-	-	30,643
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	14,585,833	13,298,013	14,508,170

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, restricted bank deposits, note receivable, account receivable, other receivable, and refundable security deposit.

Note 2: The balance includes financial liabilities measured at amortized cost such as bank loans, note payable, account payable, other payable, long-term bank loans and temporary cash on receipt.

(IV) The purpose and policy of financial risk management

Most of the financial instruments of the combining entity are deposits, account receivable, account payable, and loans. The financial function of the combining entity provides services to all other business units, administers and coordinates financial market operation. This function also monitors and manages the financial risks of the combining entity related to its operation by the level and scope of risk exposure and internal risk report. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

Operation of the combining entity makes the combining entity expose to primary financial risk like exchange rate risk and interest rate risk.

(1) Exchange rate risk

The combining entity sells and buys with foreign currency denomination that makes it expose to exchange rate risk.

For information on the book value of the monetary assets and monetary liabilities of the combining entity denominated in non-functional currencies as of the balance sheet day (including the monetary items denominated in non-functional currency which have been written off in the consolidated financial statements), refer to Note 31.

Sensitivity Analysis

The combining entity is mainly affected by the fluctuation of USD, RMB, VND, and HKD.

The following table shows the sensitivity analysis of the combining entity when there is a change in 1% of the exchange rate between NTD (functional currency) and relevant foreign currencies. The Group takes 1% as the sensitivity ratio for reporting to the management of the exchange rate risk, which stands for the reasonable scope of change in the assessment of foreign exchange rate of the management. Sensitivity analysis covers only the outstanding monetary items subject to adjustment with 1 % fluctuation of the exchange rate at the end of the year. The positive value of the table below indicates the amount of earnings before taxation reduced when NTD appreciates by 1% against all related currencies. When NTD depreciates by 1% against all related currencies, the effect on earnings before taxation will be the same value on the negative side.

Influence on income

Currency type	January 1 to March 31, 2021	January 1 to March 31, 2020
USD	\$ 9,946	\$ 9,359
VND	1,204	452
RMB	526	912
HKD	323	208

The above have its origin from the outstanding receivable and payable items denominated in USA, RMB, VND, and HKD without hedge of cash flow of the combining entity as of the balance sheet day.

The management holds that sensitivity analysis cannot represent the risk inherent to exchange rate, as the foreign currency risk exposure on the balance sheet day cannot reflect mid-term risk exposure.

(2) Interest rate risk

The separate entities of the combining entity borrowed at fixed interest rate and floating interest rate at the same time that made is exposed to interest rate risk.

The book value of financial assets and liabilities of the combining entity exposed to interest rate as of the balance sheet day is shown below:

	March 31, 2021	December 31, 2020	March 31, 2020
Interest rate risk at fair value			
Short-term bank loans	\$ 2,334,775	\$ 1,039,856	\$ 2,369,255
Leasehold liabilities	135,463	141,042	157,910
Interest rate risk in cash flows			
Short-term bank loans	3,204,481	2,941,984	3,035,913
Long-term bank loans (including the current portion)	5,577,673	7,035,879	5,827,503

Sensitivity Analysis

The following sensitivity analysis is determined on the basis of the interest rate exposure of non-derivative instruments on the balance sheet day. The analysis of liabilities at floating interest rate is based on the assumption that the outstanding amount of liabilities on the balance sheet

day is also outstanding in the reporting period. The variable interest rate adopted by the top management of the group in reporting on interest rate is +/- 0.25%. This indicates the assessment of interest rate by the management within reasonable variable range.

In case of change in the interest rate, while all other variables remained unchanged, the change in the earnings before taxation of the combining entity in the period of January 1 to March 31, 2021, and January 1 to March 31, 2020, were NT\$5,489 thousand and NT\$5,540 thousand, respectively.

2. Credit risk

Credit risk refers to the failure of the counterparties in performing contractual obligations that resulted in financial loss to the Group. As of the balance sheet day, the maximum exposure of the combining entity to credit risk due to the possible default of the counterparties in performing contractual obligations will mainly be the book value of financial assets recognized in the consolidated balance sheet.

The policy pursued by the combining entity is the engagement in trade only with counterparties in good standing.

The combining entity assures appropriate action has been taken for the recovery of overdue account receivable in its decision-making, approval of credit limit, and other monitoring procedures to determine the credit limit for reducing credit risk. In addition, the combining entity will review the recoverable amount of receivable at regular intervals for assurance irrecoverable receivable has been appropriated recognized for impairment. In so doing, the combining entity holds that its credit risk has significantly be reduced.

The account receivables are from a wide array of customers in different industries and geographic regions. The combining entity will continue to assess the financial position of the account receivable customers.

3. Liquidity risk

The combining entity supports the operation of the Group through proper cash management and maintenance and mitigate the influence from cash flow fluctuation. The combining entity monitors the drawing of bank credit for assuring compliance with the terms and conditions of the loan agreement.

Bank loan is a vital source of liquidity to the combining entity. As of March 31, 2021 and December 31, 2020 and March 31, 2020, the combining entity had available bank credit amounting to NT\$7,869,587 thousand, NT\$8,320,740 thousand, and NT\$8,412,044 thousand, respectively.

The liquidity of non-derivative financial liabilities and table of interest rate risk

The maturity analysis of the outstanding portion of non-derivative financial liabilities is based on the earliest day that the combining entity is required to repay the debts, and prepared on the basis of the undiscounted cash flow of financial liabilities.

	Less than 3 months	3 months to 1 year	More than 1 year
<u>March 31, 2021</u>			
Non-interest-bearing liabilities	\$ 1,897,778	\$ 1,555,408	\$ 15,718
Leasehold liabilities	8,289	25,329	121,799
Short-term bank loans	3,336,277	2,202,979	-
Long-term bank loans	<u>320,856</u>	<u>1,071,200</u>	<u>4,185,617</u>
	<u>\$ 5,563,200</u>	<u>\$ 4,854,916</u>	<u>\$ 4,323,134</u>
<u>December 31, 2020</u>			
Non-interest-bearing liabilities	\$ 1,836,871	\$ 426,340	\$ 17,083
Leasehold liabilities	8,004	24,400	128,919
Short-term bank loans	1,751,856	2,229,984	-
Long-term bank loans	<u>166,473</u>	<u>1,015,849</u>	<u>5,853,557</u>
	<u>\$ 3,763,204</u>	<u>\$ 3,696,573</u>	<u>\$ 5,999,559</u>
<u>March 31, 2020</u>			
Non-interest-bearing liabilities	\$ 1,627,507	\$ 1,627,414	\$ 20,578
Leasehold liabilities	8,952	24,442	148,922
Short-term bank loans	2,994,912	2,410,256	-
Long-term bank loans	<u>206,242</u>	<u>914,375</u>	<u>4,706,886</u>
	<u>\$ 4,837,613</u>	<u>\$ 4,976,487</u>	<u>\$ 4,876,386</u>

Additional information on the maturity analysis of leasehold liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
<u>March 31, 2021</u>						
Leasehold liabilities	<u>\$ 33,618</u>	<u>\$ 80,182</u>	<u>\$ 21,697</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 10,320</u>
<u>December 31, 2020</u>						
Leasehold liabilities	<u>\$ 32,404</u>	<u>\$ 84,549</u>	<u>\$ 24,210</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 10,560</u>
<u>March 31, 2020</u>						
Leasehold liabilities	<u>\$ 33,394</u>	<u>\$ 96,918</u>	<u>\$ 31,124</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 11,280</u>

XXVIII. Related-party transactions

The transactions, ledger balance, income and expenses between the Company and subsidiaries (related parties of the Company) will be written off in full amount at the time of combination, and is not disclosed in this note. Further to the disclosure in other notes, the transactions between the combining entity and other related parties are shown below:

(I) Name of related-party and relation

<u>Name of related party</u>	<u>Relation with the combining entity</u>
A-Wei Chen Cheng	Other related party
Cheng-Tsung Cheng	Other related party
Ming-Chang Chiang	Other related party
Huan-Tung Tseng	Other related party
Mei-Ting Yang	Other related party
Kuo-Chih Lai	Other related party
Po-Hsun Huang	Other related party

(II) Revenue

The flats in Paiho International Garden were sold to other related parties. The subscription price is based on the price approved in the list for reference filing with the local authorities. As of March 31, 2021, and December 31, 2020 and March 31, 2020, the prepayment for property purchase (stated as contractual liabilities – current in book) amounted to \$0 thousand, \$0 thousand, and \$7,071 thousand, respectively.

(III) Lease Agreement

<u>Ledger items</u>	<u>Type/name of related party</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Leasehold liabilities	Other related party	<u>\$ 22,485</u>	<u>\$ 23,206</u>	<u>\$ 23,632</u>

<u>Type/name of related party</u>	<u>Januar 1 to March 31, 2021</u>	<u>Januar 1 to March 31, 2020</u>
<u>Interest expense</u>		
Other related party	\$ <u>94</u>	\$ <u>100</u>
<u>Leasehold expense (stated in book as cost of operation and operating expense)</u>		
Other related party	\$ <u>378</u>	\$ <u>378</u>

The price is jointly determined by both sides with reference to the rent in the neighboring districts.

(IV) Remuneration to the top management

	<u>Januar 1 to March 31, 2021</u>	<u>Januar 1 to March 31, 2020</u>
Short-term employee benefits	\$ 40,849	\$ 35,391
Retirement benefit	<u>69</u>	<u>117</u>
	\$ <u>40,918</u>	\$ <u>35,508</u>

The remuneration to the Directors and other key personnel of the management commensurate with their individual performance and market trend with reference to the recommendation of the Remuneration Committee.

XXIX. Pledged Assets

The following assets of the combining entity were pledged as collateral for bank loans and bank guarantee, and performance bond for the power supply company:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets measured at amortized cost	\$ 16,256	\$ 16,236	\$ 76,721
Property, Plant and equipment	<u>828,225</u>	<u>841,768</u>	<u>772,593</u>
	\$ <u>844,481</u>	\$ <u>858,004</u>	\$ <u>849,314</u>

XXX. Significant contingent liabilities and unrecognized contractual obligations

Further to the particulars inscribed in other notes, the significant undertaking and contingent matters of the combining entity on the balance sheet day:

- (I) Unrecognized contractual undertaking of the combining entity

	March 31, 2021	December 31, 2020	March 31, 2020
Procurement of property, plant and equipment	<u>\$ 564,805</u>	<u>\$ 537,454</u>	<u>\$ 719,963</u>

- (II) The proceeds for construction work under contract pending on payment amounted to \$858,689 thousand, \$1,323,104 thousand, and \$1,297,842 thousand as of March 31, 2021, and December 31, 2020 and March 31, 2020, respectively.

- (III) As of the end of March 2021, the combining entity has entered into agreements with customers on order for purchase of housing and the detail is specified as follows:

Project Name	Total proceeds (tax included)	Total amount collected
Paiho International Garden	<u>\$ 2,530,537</u>	<u>\$ 2,514,061</u>

- (IV) The Company entered into an agreement with an unrelated party in July 2008 on technology transfer for 10 years whereby the Company has acquired the special know-how on making easy tape. The Company is bound to pay USD281 thousand annually as royalties under this agreement and an additional payment of specific percentage of the annual sale by volume at the end of each year. This agreement expired in 2018 and renewed for another 10 years.
- (V) 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. (Paiho Europe) 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. As a result, Paiho Shih Holdings Corporation

wrote to TWSE on February 27, 2014 informing that the subject company of the previous undertaking of “incorporating PAIHO EUROPE, S.A. to the operation system” is no longer in existence and the aforementioned undertaking cannot be accomplished.

- (VI) The subsidiary of the Paiho Group is a real estate firm in China, and has provided surety for bank loans in favor of the property buyers (natural persons or institutions). Yet, it is the subsidiary that received the loan. In case of the default of the property buyers, the subsidiary of the Group is just responsible for returning the prepaid proceeds to the banks. Therefore, the risk of significant contingent liabilities is unlikely deriving from the act of surety of the Group. In addition, this act of surety is a specific feature exclusive to the property industry in Mainland China and there is no substantive risk of general endorsement and guarantee economically. According to Question 35 of the “Q&A on Regulations Governing the Loaning of Funds and Endorsement/Guarantee of Public Companies,” the act of surety of the subsidiary of the Group as mentioned in favor of the property buyers to the banks is an act of guarantee and is analogous to contractual performance liability, which falls beyond the scope of endorsement/guarantee in favor of a third party under the Regulations.

XXXI. Information on assets and liabilities denominated in foreign currencies with significant influence

The following information is expressed in relevant currencies beyond the functional currency of respective separate entities of the combining entity. The exchange rates disclosed are applicable to the exchange between respective currencies to the functional currency. Information on assets and liabilities denominated in foreign currencies with significant influence:

Financial assets	March 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>						
USD	\$ 35,070	28.535	\$ 1,000,722	\$ 35,681	28.48	\$ 1,016,195
VND	237,297,049	0.00112	265,773	186,368,069	0.00111	206,869
RMB	12,109	4.344	52,601	9,476	4.377	41,476
HKD	10,183	3.670	37,372	10,733	3.673	39,422
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	215	28.535	6,135	679	28.48	19,338
VND	129,840,431	0.00112	145,421	116,549,314	0.00111	129,370
HKD	1,370	3.670	5,028	1,491	3.673	5,476

Financial assets	March 31, 2020		
	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>			
USD	\$ 31,818	30.225	\$ 961,699
RMB	21,429	4.255	91,180
VND	177,156,491	0.00116	205,502
HKD	6,306	3.898	24,581
Financial liabilities			
<u>Monetary items</u>			
USD	852	30.225	25,752
VND	138,199,427	0.0012	160,311
HKD	964	3.898	3,758

The primary exchange rate risk the combining entity is bound to assume derived from USD, RMB, VND and HKD. The following information is presentation in functional currencies of the separate entities holding foreign currencies. The exchange rates disclosed are the exchange rates between the functional currency and respective currencies for presentation. Realized and unrealized exchange gain/loss of significant influence:

Functional currency	January 1 to March 31, 2021		January 1 to March 31, 2020	
	Exchange between the functional currency and respective foreign currencies	Net exchange gain (loss)	Exchange between the functional currency and respective foreign currencies	Net exchange gain (loss)
RMB	4.376	\$ 10,181	4.310	\$ 7,230
NTD	1.000	(7,603)	1.000	8,378
USD	28.366	(2,834)	30.106	(26,086)
HKD	3.657	(1,738)	3.874	155
		(\$ 1,994)		(\$ 10,323)

XXXII. Disclosure in attached notes to financial statements

(I) Materiality in transactions and (II) information on direct investment:

1. Loaning of fund to a third party: Appendix I
2. Endorsement and guarantee in favor of a third party: Appendix II.
3. Holding of securities at the ending of period (excluding the holding of investment in subsidiaries, associates and controlled joint ventures): Appendix III.

4. The buying or selling of particular securities amounting to NT\$300 million or in excess of 20% of the paid-in capital in accumulation: Appendix IV.
- 5 Acquisition of property amounting to NT\$300 million or in excess of 20% of the paid-in capital in accumulation: none.
- 6 Disposal of property amounting to NT\$300 million or in excess of 20% of the paid-in capital in accumulation: none.
- 7 Purchase or sale with related-parties amounting to NT\$100 million or in excess of 20% of the paid-in capital: Appendix V.
- 8 Receivable from related-parties amounting to NT\$100 million or in excess of 20% of the paid-in capital: Appendix VI.
- 9 Derivative Trade: none
- 10 Others: Business relation between the parent company and subsidiaries and among the subsidiaries, significant transactions and the amount involved: Appendix VII.
- 11 Information on investee companies: Appendix VIII

(III) Information on investment in Mainland China:

1. Names of investee companies in Mainland China, the principal business, paid-in capital, mode of investment, inward and outward remittances of funds, proportion of shareholding, income in current period and the recognized return on investment, book value of investment at the ending of period, repatriated amount of return on investment, and the investment limit in Mainland China: Appendix IX.
2. Materiality of transactions directly conducted by the investee companies in Mainland China or indirectly through a third region/country, the price, payment condition, and unrealized profit or loss:
 - (1) Amount and percentage of purchase and corresponding balance of payable at the ending of period, and the percentage: Appendix VII.
 - (2) Amount and percentage of sale and corresponding balance of receivable at the ending of period, and the percentage: Appendix V and VII.
 - (3) Amount of asset trade and the amount of capital gain/loss: none
 - (4) Balance of endorsement and guarantee of financial instrument or collateral pledged at the ending of period and the purpose: Appendix II.

- (5) The maximum balance, ending balance, interest range and total interest in current period of financing: Appendix I, VI, and VII.
- (6) Other transactions with significant influence on the income or financial position in current period, such as the rendering of service and acceptance of service: Appendix VII.
- (IV) Information on dominant shareholders: Names of shareholders holding more than 5% of the share issued by the Company, the amount and proportion of shareholding: Appendix X.

XXX. Information on segments

Information for the key decision makers in the allocation of resources and evaluation of segment performance with focus on the type of product or service delivered or provided. The segments to be reported by the combining entity is the department of materials and accessories, powder coating, and the construction department.

(I) Segment revenue and operation result

The revenue of the combining entity and continued operation and operation result by segment for reporting is analyzed as follows:

	Segment revenue		Segment profit and loss	
	January 1 to March 31, 2021	January 1 to March 31, 2020	January 1 to March 31, 2021	January 1 to March 31, 2020
Department of materials and accessories	\$ 3,753,382	\$ 3,393,860	\$ 895,454	\$ 636,606
Department of powder coating	42,134	52,682	5,429	(8,087)
Construction Department	<u>876,855</u>	<u>1,150,855</u>	<u>288,429</u>	<u>421,594</u>
Total of continued operations	<u>\$ 4,672,371</u>	<u>\$ 4,597,397</u>	1,189,312	1,050,113
Interest income			28,207	18,152
General revenue and profit of the Company			13,619	19,950
Net exchange gain/loss			(1,994)	(10,323)
Interest expense			(36,119)	(65,108)
General expenses and loss of the Company			(<u>5,219</u>)	(<u>7,365</u>)
Earnings before taxation of the continued operations			<u>\$ 1,187,806</u>	<u>\$ 1,005,419</u>

Segment income refers to the profit made by each department, excluding interest income, consideration income, share of income from associates accounted for under the equity method, net exchange gain/loss, interest expense and income tax expense. The amount for measurement is for the key decision makers for allocation of resources and evaluation of segment performance.

(II) Total segment assets and liabilities

The combining entity did not provide information on segment assets and liabilities to the key decision makers. The amount for measurement of assets and liabilities is zero here.

Taiwan Paiho Limited and subsidiaries

Loaning of funds to a third party

January 1 to March 31, 2021

Appendix I

Unit: NTD \$1,000 or \$1,000 in other currencies.

Code	Lenders of funds	Borrowers	Items for transactions	Related party or not	Maximum balance in current period (Notes 4, 6)	Balance at the ending of period (Notes 5, 6)	Actual drawdown (Notes 5, 8)	Interest range	Nature of loaning (Note 7)	Amount of business transactions	Reason for the necessity of short-term financing (Note 7)	Amount of allowance for bad debts	Collateral		Amount of loan to particular borrower and the limit (Notes 1, 2, and 3)	Total amount of fund and limit (Notes 1, 2, and 3)
													Name	Value		
1	Paiho Int'L Limited	Vietnam Paiho Limited	Receivable from related party	Y	\$ 469,753 (USD 15,417)	\$ 412,569 (USD 14,458)	\$ 412,569 (USD 14,458)	2%-3%	Necessary for long-term financing	\$ -	Working capital	\$ -	—	\$ -	\$ 6,490,033	\$ 6,490,033
		PT.Paiho Indonesia	Receivable from related party	Y	91,305 (USD 3,000)	85,605 (USD 3,000)	85,605 (USD 3,000)	2.25%	Necessary for long-term financing	-	Working capital	-	—	-	6,490,033	6,490,033
2	Wuxi Paiho Textile Co., Limited	Wuxi Paiwei Biotechnology Co. Ltd.	Receivable from related party	Y	172,020 (RMB 40,000)	173,760 (RMB 40,000)	130,320 (RMB 30,000)	4.35%	Necessary for short-term financing	-	Working capital	-	—	-	1,423,997	2,847,995
3	Paiho Shih Holdings Corporation	Hon Shin Corp.	Receivable from related party	Y	142,550 (USD 5,000)	142,675 (USD 5,000)	142,675 (USD 5,000)	3-month Libor Rate in USD + 1.28%	Necessary for short-term financing	-	Working capital	-	—	-	2,185,291	2,185,291
		Vietnam Paihong Limited Company	Receivable from related party	Y	1,634,428 (USD 55,500)	1,169,935 (USD 41,000)	1,169,935 (USD 41,000)	3-month Libor Rate in USD + 1.28%	Necessary for short-term financing	-	Working capital	-	—	-	2,185,291	2,185,291
4	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivable from related party	Y	674,500 (USD 22,338)	607,796 (USD 21,300)	607,796 (USD 21,300)	3-month Libor Rate in USD + 1.28% and 2.25%	Necessary for long- and short-term financing.	-	Working capital	-	—	-	1,094,697	1,094,697

Note 1: The limit for individual companies where the Company and Paiho Shih Holdings directly or indirectly hold more than 50% of their voting shares in financing is controlled within 20% of the net worth of the Company. The total limit of loaning to third parties shall not exceed 40% of the net worth of the Company.

Note 2: The loaning of funds by wholly owned subsidiaries directly and indirectly under the Company and Paiho Shih Holdings Corporation to particular borrower and the total shall not exceed 40% of the net worth of the Company and Paiho Shih Holdings Corporation.

Note 3: The loaning of funds by wholly owned subsidiaries directly and indirectly under the Company and Paiho Shih Holdings Corporation to particular borrower and the total shall not exceed the net worth of the borrower.

Note 4: The maximum balance in current period in NTD is converted from the maximum amount of foreign currencies in the month multiplied by the exchange rate between respective currencies and NTD on the day of deed.

Note 5: The ending balance and actual drawdown in NTD is based on the balance of foreign currencies in the reporting month multiplied by the exchange rate between respective foreign currencies and NTD in the reporting month.

Note 6: The limit passed by the Board for financing.

Note 7: The term for the loaning of funds to wholly owned subsidiaries directly and indirectly under the Company and Paiho Shih Holdings Corporation is not constrained by the limit of less than 1 year for each instance.

Note 8: Write-off.

Taiwan Paiho Limited and subsidiaries

Endorsement and guarantee

January 1 to March 31, 2021

Appendix II

Unit: NTD \$1,000 or \$1,000 in other currencies.

Code	Name of beneficiary under endorsement and guarantee	The beneficiary under endorsement and guarantee		Limit for endorsement and guarantee to particular enterprise (Note 2)	The maximum balance of endorsement and guarantee in current period (Note 4)	Balance of endorsement and guarantee at ending period (Note 5)	Actual amount of drawdown (Note 5)	Amount of endorsement and guarantee backed by asset pledge	The amount of endorsement and guarantee in accumulation in proportion the net worth of the financial statement of the previous period.	Maximum limit of endorsement and guarantee (Note 3)	Endorsement and guarantee undertaken by parent company in favor of subsidiaries	Endorsement and guarantee undertaken by subsidiaries in favor of the parent company.	Endorsement and guarantee in Mainland China
		Name of company	Relation										
0	The Company	Paiho Int'L Limited	(Note 1)	\$ 9,809,085	\$ 88,890 (USD 3,000)	\$ 85,605 (USD 3,000)	\$ -	\$ -	0.87%	\$ 14,713,628	Y	—	—
		Zhong Yuan Xing Ye Company Ltd.	(Note 1)	9,809,085	87,830 (USD 3,000)	85,605 (USD 3,000)	-	-	0.87%	14,713,628	Y	—	—
		PT.Paiho Indonesia	(Note 1)	9,809,085	2,315,815 (USD 79,000)	2,168,660 (USD 76,000)	1,015,846 (USD 35,600)	-	22.11%	14,713,628	Y	—	—
1	Paiho Shih Holdings Corporation	Hon Shin Corp.	(Note 1)	5,463,227	2,631,970 (USD 89,000)	2,311,335 (USD 81,000)	841,783 (USD 29,500)	-	42.31%	8,194,841	—	—	—
		Vietnam Paihong Limited Company	(Note 1)	5,463,227	3,315,250 (USD112,500)	3,210,188 (USD112,500)	2,439,743 (USD 85,500)	-	58.76%	8,194,841	—	—	—
2	Hon Shin Corp.	Vietnam Paihong Limited Company	(Note 1)	1,094,697	60,160 (USD 2,000)	-	-	-	-	1,642,046	—	—	—

Note 1: If the undertaker and the beneficiary of endorsement and guarantee are companies with direct or indirect holding of more than 50% of the voting shares.

Note 2: The amount of endorsement and guarantee undertaken by the Company in favor of individual subsidiaries with shareholding of more than 50%, and undertaken by Paiho Shih Holdings Corporation, and Hon Shin Corp in favor of a particular affiliate shall not exceed the net worth of the Company, Paiho Shih Holdings Corporation, and Hon Shin Corp, and the total shall not exceed the total limit of endorsement and guarantee.

Note 3: The amount of endorsement and guarantee undertaken by the Company in favor of individual subsidiaries with shareholding of more than 50%, and undertaken by Paiho Shih Holdings Corporation, and Hon Shin Corp in favor of a particular affiliate shall not exceed 150% of the net worth of the Company, Paiho Shih Holdings Corporation, and Hon Shin Corp.

Note 4: The maximum balance in NTD in current period is based on the maximum balance in foreign currencies in the month multiplied by the exchange rate between NTD and respective currencies as of the day of deed.

Note 5: The ending balance and actual drawdown in NTD is based on the balance of foreign currencies in the reporting month multiplied by the exchange rate between respective foreign currencies and NTD in the reporting month.

Taiwan Paiho Limited and subsidiaries
Holding of securities at the ending of period
March 31, 2021

Appendix III

Unit: NTD \$1,000 and \$1,000 in foreign currencies

The types and names	Of securities and the issuers	Related with the issuers of securities	Account title	Ending				Remark
				Quantity of shares	Book value (Notes 1, 2)	Proportion of shareholding	Fair value (Notes, 1 2)	
Paiho Holdings Limited	Equity Hong Kong Leader Elastic Limited	—	Financial assets at fair value through other comprehensive profit and loss – non-current	7,500,000	\$ -	14.29%	\$ -	
China Star International Limited	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	—	Financial assets at fair value through profit and loss – current	-	43,553 (RMB 10,030)	-	43,553 (RMB 10,030)	
Wuxi Paisem Chemical Fibre Co., Ltd.	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	—	Financial assets at fair value through profit and loss – current	-	140,780 (RMB 32,420)	-	140,780 (RMB 32,420)	
Dongguan Paiho Textile Limited	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	—	Financial assets at fair value through profit and loss – current	-	32,351 (RMB 7,450)	-	32,351 (RMB 7,450)	
Wuxi Paihong Real Estate Co., Ltd.	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	—	Financial assets at fair value through profit and loss – current	-	173,748 (RMB 40,000)	-	173,748 (RMB 40,000)	
Wuxi Paiho Textile Co., Limited	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	—	Financial assets at fair value through profit and loss – current	-	428,724 (RMB 98,700)	-	428,724 (RMB 98,700)	
Dongguan Paihong Industry Co., Ltd.	Wealth management products Bank SinoPac – Structured deposit in RMB(principal protected)	—	Financial assets at fair value through profit and loss – current	-	189,038 (RMB 43,520)	-	189,038 (RMB 43,520)	

Note 1: Figures in this table involving foreign currencies will be converted into NTD at the exchange rate on the balance sheet day.

Note 2: For information on fair value, refer to Note 27.

Taiwan Paiho Limited and subsidiaries

The purchase and sale of the same securities amounting to NT\$300 million or in excess of 20% of the paid-in capital.

January 1 to March 31, 2021

Appendix IV

Unit: NTD \$1,000 or \$1,000 in other currencies.

Companies involved in the transactions	Of securities and the issuers	Account title	Counterparties	Relation	Beginning of period		Buy		Sell				Ending	
					Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Sale price	Cost in book	Capital gain from disposal	Quantity of shares	Amount
Wuxi Paiho Textile Co., Limited	Wealth management products Fubon Bank (China) Co., Ltd. – Monthly interest structured deposit in RMB (principal protected)	Financial assets at fair value through profit and loss – current	—	—	-	\$ -	-	\$ 674,230 RMB 155,220)	-	\$ 245,506 (RMB 56,520)	\$ 245,506 (RMB 56,520)	\$ -	-	\$ 428,724 (RMB 98,700)

Note: Figures in this table involving foreign currencies will be converted into NTD at the exchange rate on the balance sheet day.

Taiwan Paiho Limited and subsidiaries

Purchase and sale with related parties amounting to NT\$300 million or in excess of 20% of the paid-in capital.

January 1 to March 31, 2021

Appendix V

Unit: NTD \$1,000 or \$1,000 in other currencies.

Companies for buying (selling)	Counterparties of trade	Relation	Transaction status				The terms and conditions of trade are different from regular transactions and the reason		Note and account receivable (payable)	
			Purchase (sale)	Amount (Note 2)	Proportion to total purchase (sale)	Credit period	Unit price	Credit period	Balance (Note 2)	Proportion tot total account and note receivable (payable) of the Company
The Company	Vietnam Paiho Limited	(Note 1)	(sale)	\$ 136,282	(13%)	Collection in about 3 months	Mark up by 15% on top of the cost or at market price	About 3 months	\$ 61,745	8%
Vietnam Paihong Limited Company.	Hon Shin Corp.	(Note 1)	(sale)	132,962 (USD 4,652)	(61%)	Collection in about 3 months	At market price	About 3 months	132,679 (USD 4,650)	72%

Note 1: Refer to Note 12 of the notes to consolidated financial statement.

Note 2: write-off

Taiwan Paiho Limited and subsidiaries

Receivable from related-parties amounting to NT\$100 million or in excess of 20% of the paid-in capital.

March 31, 2021

Appendix VI

Unit: NTD \$1,000 or \$1,000 in other currencies.

Companies for collection of receivable in book	Counterparties of trade (Note 3)	Relation	Balance of receivable from related parties (Notes, 1, 3)	Turnover (times)	Overdue receivable from related parties		Amount of overdue receivable from related parties recovered after the reporting period.	Amount of allowance for bad debts
					Amount	Response to overdue accounts		
Paiho Int'L Limited	Vietnam Paiho Limited	(Note 2)	\$ 412,559 (USD 14,458)	-	\$ -	—	\$ -	\$ -
Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 2)	1,171,658 (USD 41,060)	-	-	—	418,922 (USD 14,681)	-
	Hon Shin Corp.	(Note 2)	154,116 (USD 5,401)	-	-	—	9,987 (USD 350)	-
	Wuxi Paiwei Biotechnology Co. Ltd.	(Note 2)	136,168 (RMB 31,346)	-	-	—	-	-
Hon Shin Corp.	Vietnam Paihong Limited Company	(Note 2)	657,794 (USD 23,052)	2.71	-	—	40,834 (USD 1,431)	-

Note 1: Account receivable, other receivable, and receivable from related-parties are included.

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

Note 3: Write-off

Taiwan Paiho Limited and subsidiaries

Business relation between the parent company and subsidiaries, and transactions of significance and the amount of transactions.

January 1 to March 31, 2021

Appendix VII

Unit: NTD \$1,000 or \$1,000 in other currencies.

Code	Name of counterparty	The counterparties (Note 2)	Relation with the counterparties (Note 1)	Status of transactions			
				Account title	Amount	Condition of trade	Proportion to total revenue or total assets (%)
0	The Company	Vietnam Paiho Limited	(1)	Account receivable	\$ 61,745	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(1)	Account receivable	53,920	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Account receivable	26,250	About 3 months	-
		Zhong Yuan Xing Ye Company Ltd.	(1)	Account receivable	14,413	About 3 months	-
		Paiho North America Corporation	(1)	Account receivable	8,019	About 3 months	-
		Dongguan Paiho Powder Coating Co., Ltd.	(1)	Other receivable	3,993		-
		Vietnam Paiho Limited	(1)	Other receivable	3,525		-
		PT.Paiho Indonesia	(1)	Other receivable	3,055		-
		Paiho Shih Holdings Corporation	(1)	Other receivable	1,950		-
		China Star International Limited.	(1)	Other receivable	1,470		-
		Vietnam Paiho Limited	(1)	Account payable	10,424	About 3 months	-
		Vietnam Paiho Limited	(1)	Temporary cash on receipt	22,808		-
		Vietnam Paiho Limited	(1)	Revenue	136,282	About 3 months	3
		Wuxi Paiho Textile Co., Limited	(1)	Revenue	61,240	About 3 months	1
		Dongguan Paihong Industry Co., Ltd.	(1)	Revenue	40,596	About 3 months	1
		Zhong Yuan Xing Ye Company Ltd.	(1)	Revenue	16,667	About 3 months	-
		Paiho North America Corporation	(1)	Revenue	7,526	About 3 months	-
		Pai Lon International Trading Limited	(1)	Revenue	(1,604)	About 3 months	-
		Vietnam Paiho Limited	(1)	Cost of operation	19,614	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(1)	Unrealized gross profit	30,227		1
		Paiho North America Corporation	(1)	Unrealized gross profit	10,739		-
		Dongguan Paihong Industry Co., Ltd.	(1)	Unrealized gross profit	9,062		-
		Vietnam Paiho Limited	(1)	Unrealized gross profit	6,486		-
		PT.Paiho Indonesia	(1)	Other income	3,055		-
		Vietnam Paiho Limited	(1)	Other income	2,691		-

(To next page)

(From previous page)

Code	Name of counterparty	The counterparties (Note 2)	Relation with the counterparties (Note 1)	Status of transactions			
				Account title	Amount	Condition of trade	Proportion to total revenue or total assets (%)
1	Paiho Int’L Limited	Vietnam Paiho Limited	(1)	Receivable from related party	USD 14,458		1
		PT.Paiho Indonesia	(3)	Receivable from related party	USD 3,000		-
2	Pai Lon International Trading Limited.	Vietnam Paiho Limited	(1)	Temporary cash on receipt	USD 128		-
		Vietnam Paiho Limited	(1)	Interest income	USD 93		-
		Paiho North America Corporation	(3)	Account receivable	USD 282	About 3 months	-
		Hon Shin Corp.	(3)	Account receivable	USD 70	About 3 months	-
		Vietnam Paiho Limited	(3)	Account receivable	USD 36	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Prepayment for purchase	USD 278		-
		Dongguan Paihong Industry Co., Ltd.	(3)	Temporary cash on receipt	USD 2,344		-
		Paiho North America Corporation	(3)	Revenue	USD 352	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Revenue	USD 337	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(3)	Revenue	USD 316	About 3 months	-
		Vietnam Paiho Limited	(3)	Revenue	USD 115	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Cost of operation	USD 1,106	About 3 months	1
		Wuxi Paiho Textile Co., Limited	(3)	Unrealized gross profit	USD 135		-
		Dongguan Paihong Industry Co., Ltd.	(3)	Unrealized gross profit	USD 68		-
3	Wuxi Paisem Chemical Fibre Co., Ltd.	Wuxi Paiho Textile Co., Limited	(3)	Other receivable	RMB 600		-
4	Wuxi Paiho Textile Co., Limited	Dongguan Paihong Industry Co., Ltd.	(1)	Account receivable	RMB 2,537	About 3 months	-
		Paiho North America Corporation	(3)	Account receivable	RMB 916	About 3 months	-
		Wuxi Paiwei Biotechnology Co. Ltd.	(1)	Receivable from related party	RMB 30,000		-
		Wuxi Paiwei Biotechnology Co. Ltd.	(1)	Other receivable	RMB 1,119		-
		Dongguan Paihong Industry Co., Ltd.	(1)	Account payable	RMB 1,040	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Revenue	RMB 3,345	About 3 months	-
		Paiho North America Corporation	(3)	Revenue	RMB 903	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Cost of operation	RMB 1,506	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Unrealized gross profit	RMB 673		-
		Wuxi Paiwei Biotechnology Co. Ltd.	(1)	Interest income	RMB 304		-
		Wuxi Paiwei Biotechnology Co. Ltd.	(1)	Rental income	RMB 405		-
		Dongguan Paiho Textile Limited	(3)	Cost of operation	RMB 280	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Unrealized gross profit	RMB 264		-
		PT.Paiho Indonesia	(3)	Account receivable	USD 853	About 3 months	-
6	Zhong Yuan Xing Ye Company Ltd.	Paiho Int’L Limited.	(2)	Account payable	USD 854	About 3 months	-
		PT.Paiho Indonesia	(3)	Revenue	USD 1,702	About 3 months	1
		PT.Paiho Indonesia	(3)	Unrealized gross profit	USD 514		-

(To next page)

(From previous page)

Code	Name of counterparty	The counterparties (Note 2)	Relation with the counterparties (Note 1)	Status of transactions			
				Account title	Amount	Condition of trade	Proportion to total revenue or total assets (%)
7	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(1)	Receivable from related party	USD 41,000		4
		Hon Shin Corp.	(1)	Receivable from related party	USD 5,000		-
		Hon Shin Corp.	(1)	Other receivable	USD 401		-
		Vietnam Paihong Limited Company	(1)	Other receivable	USD 60		-
		Vietnam Paihong Limited Company	(1)	Interest income	USD 151		-
		Hon Shin Corp.	(1)	Other income	USD 600		-
8	Hon Shin Corp.	Vietnam Paihong Limited Company	(1)	Account receivable	USD 1,727	About 3 months	-
		Vietnam Paihong Limited Company	(1)	Receivable from related party	USD 21,300		2
		Vietnam Paihong Limited Company	(1)	Account payable	USD 4,650	About 3 months	-
		Vietnam Paihong Limited Company	(1)	Revenue	USD 1,727	About 3 months	1
		Vietnam Paihong Limited Company	(1)	Cost of operation	USD 4,652	About 3 months	3
		Vietnam Paihong Limited Company	(1)	Interest income	USD 85		-
9	Vietnam Paiho Limited	Paiho North America Corporation	(3)	Account receivable	USD 647	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Account payable	USD 88	About 3 months	-
		Paiho North America Corporation	(3)	Revenue	USD 506	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Cost of operation	USD 182	About 3 months	-
		The Company	(2)	Unrealized gross profit	USD 131		-
		Wuxi Paiho Textile Co., Limited	(3)	Cost of operation	USD 734	About 3 months	-
10	PT.Paiho Indonesia	Wuxi Paiho Textile Co., Limited	(3)	Account payable	USD 252	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Account payable	USD 252	About 3 months	-

Note 1: relation with the counterparties: (1) parent company to subsidiary; (2) subsidiary to parent company; (3) subsidiary to subsidiary.

Note 2: write-off

Taiwan Paiho Limited and subsidiaries
Information on the investee companies, locations, and related information
January 1 to March 31, 2021

Appendix VIII

Unit: NTD \$1,000 or \$1,000 in other currencies.

Name of investor	Name of investee company (Note 3)	Location	Principal business	Initial amount of investment		Holding at the ending of period			Income (loss) of investee company in current period	Recognized income (loss) in current period. (Note 3)	Remark
				Ending of current period	Ending of previous period	Quantity of shares	Ratio	Book value (Note 3)			
The Company	Paiho Int’L Limited	BVI	International investment	\$ 1,107,261	\$ 1,107,261	33,368,564	100%	\$ 7,016,840	\$ 386,361	\$ 398,266	Subsidiary
	Paiho Group Inc.	BVI	International investment	876,863	876,863	26,505,685	100%	857,487	18,453	18,613	Subsidiary
	PT.Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	536,266	536,266	178,200	99%	610,252	70,624	69,918	Subsidiary
	Paiho North America Corporation	California, USA	Sales of touch fasteners and various type of webbings	266,330	266,330	800,000	100%	180,874	189	189	Subsidiary
	Spring Rich Limited	Changhua County, Taiwan	Extra processing of webbings	3,000	3,000	-	100%	5,369	89	89	Subsidiary
	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacturing and processing of touch fasteners and webbings	358,776	358,776	-	33%	1,340,808	254,587	83,987	Indirect subsidiary of subsidiary
Paiho Int’L Limited	Paiho Shih Holdings Corporation	Cayman Islands	International investment	USD 22,869	USD 22,869	162,632,396	52%	2,855,143	416,966	(Note 1)	Indirect subsidiary
	He Mei Xing Ye Company Ltd.	Samoa	International investment	USD 16,263	USD 16,263	23,636,140	100%	2,741,423	170,646	(Note 1)	Indirect subsidiary
	Zhong Yuan Xing Ye Company Ltd.	Samoa	International trading	USD 3,760	USD 3,760	3,760,000	100%	9,025	9,521	(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%	6,164	70,624	(Note 1)	Subsidiary
He Mei Xing Ye Company Ltd.	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacture and extra processing on elastics and various type of webbings	773,954	773,954	-	67%	2,741,423	254,587	(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%	7,830,053	406,136	(Note 1)	Indirect subsidiary of subsidiary
	Pai Lon International Trading Limited	BVI	International trading	USD 1,791	USD 1,791	1,500,000	100%	(80,267)	12,023	(Note 1)	Indirect subsidiary of subsidiary
	Hon Shin Corp.	Samoa	International investment and trading	USD 95,000	USD 95,000	95,000,000	100%	1,085,679	(11,066)	(Note 1)	Indirect subsidiary of subsidiary
	Taiwan Pai Lon Biotechnology Co., Ltd	Taiwan	Production and sales of masks and non-woven products	60,000	60,000	60,000,000	100%	59,751	40	(Note 1)	Indirect subsidiary of subsidiary
Paiho Group Inc.	Paiho Holdings Limited	BVI	International investment	876,863	876,863	26,505,685	100%	858,596	18,453	(Note 1)	Indirect subsidiary
Paiho Holdings Limited	Braits Company Limited	BVI	International investment	562,498	562,498	16,601,385	100%	546,710	14,124	(Note 1)	Indirect subsidiary of subsidiary
Hon Shin Corp.	Vietnam Paihong Limited Company	Binh Duong, Vietnam	Production and sale of mesh and other fabrics.	USD 95,000	USD 95,000	-	100%	1,334,799	(12,240)	(Note 1)	Indirect subsidiary under several layers of holding

Note 1: Could be skipped.

Note 2: For information on investee companies in Mainland China, refer to Appendix IX

Note 3: Write-off

Taiwan Paiho Limited and subsidiaries
Information on investment in Mainland China
January 1 to March 31, 2021

Appendix IX

Unit: NTD \$1,000 or \$1,000 in other currencies.

Names of investee companies in Mainland China (Note 1)	Principal business	Paid-in capital	Mode of investment	Amount of investment remitted from Taiwan in accumulation at the beginning of period	Amount of investment remitted or received in current period		Amount of investment remitted from Taiwan in accumulation at the ending of period	Profit and loss of the investee companies in current period	Proportion of shareholding under direct or indirect investment of the Company.	Recognized investment return (loss) in current period (Notes 5, 6)	Book value of investment at the ending of period (Notes 5, 6)	Investment return repatriated to Taiwan to current period.
					Outward remittance	Inward remittance						
Dongguan Paiho Textile Limited	Production & marketing of touch fasteners, elastics, various type of webbings and computerizes embroidery	\$ 149,741 RMB 34,471)	(Note 1)	\$ -	\$ -	\$ -	\$ -	(\$ 713)	100%	(\$ 713)	\$ 153,106	\$ 1,214,739
Wuxi Paiho Textile Co., Limited	Processing of touch fastener, webbing and embroidery	1,670,669 RMB 384,592)	(Note 1)	985,180	-	-	985,180	405,522	55%	222,570	4,205,050	320,508
China Star International Limited	Production & marketing of powder coating.	178,947 RMB 41,194)	(Note 1)	201,922	-	-	201,922	3,951	100%	3,951	249,643	337,582
Dongguan Paiho Powder Coating Co., Ltd.	Production & marketing of powder coating.	178,747 RMB 41,148)	(Note 1)	35,720	-	-	35,720	1,512	100%	1,512	226,732	40,077
Wuxi Paisem Chemical Fibre Co., Ltd.	Production and sale of synthetic fiber	574,219 RMB 132,187)	(Note 1)	564,691	-	-	564,691	14,124	100%	14,124	546,710	-
Dongguan Paihong Industry Co., Ltd.	Production & marketing of touch fastener, elastic, various type of webbings and jacquard engineered mesh, and consumer electronic accessories, etc.	1,551,220 RMB 357,095)	(Note 1)	141,664	-	-	141,664	198,763	54%	110,420	1,500,023	156,170
Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.	1,650,720 RMB 380,000)	(Note 1)	(Note 2)	-	-	-	180,721	55%	99,185	1,135,863	-
Wuxi Paiwei Biotechnology Co. Ltd.	Production and sales of masks and non-woven products	217,200 RMB 50,000)	(Note 1)	(Note 2)	-	-	-	3,824	55%	2,099	125,258	-

Total amount of investment remitted from Taiwan to Mainland China in accumulation at the ending of period	The amount of investment approved by Investment Commission, MOEA	To the upper limit of investment in Mainland China set forth by the Investment Commission, MOEA
\$ 352,831	\$ 566,448 (USD 19,851)	Not upper limit (Note 3)

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

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

Note 3: 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 4: Figures in this table involving foreign currencies will be converted into NTD at the exchange rate on the balance sheet day.

Note 5: With the exception of the financial statements of Wuxi Paiho Textile Co., Limited, Dongguan Paihong Industry Co., Ltd., Wuxi Paihong Real Estate Co., Ltd., and Wuxi Paiwei Biotechnology Co. Ltd, which have been reviewed by the Independent Auditors of the parent Company, the financial statements of all others covering the same period were unaudited.

Note 6: Write-off

Taiwan Paiho Limited
Information on dominant shareholders
March 31, 2021

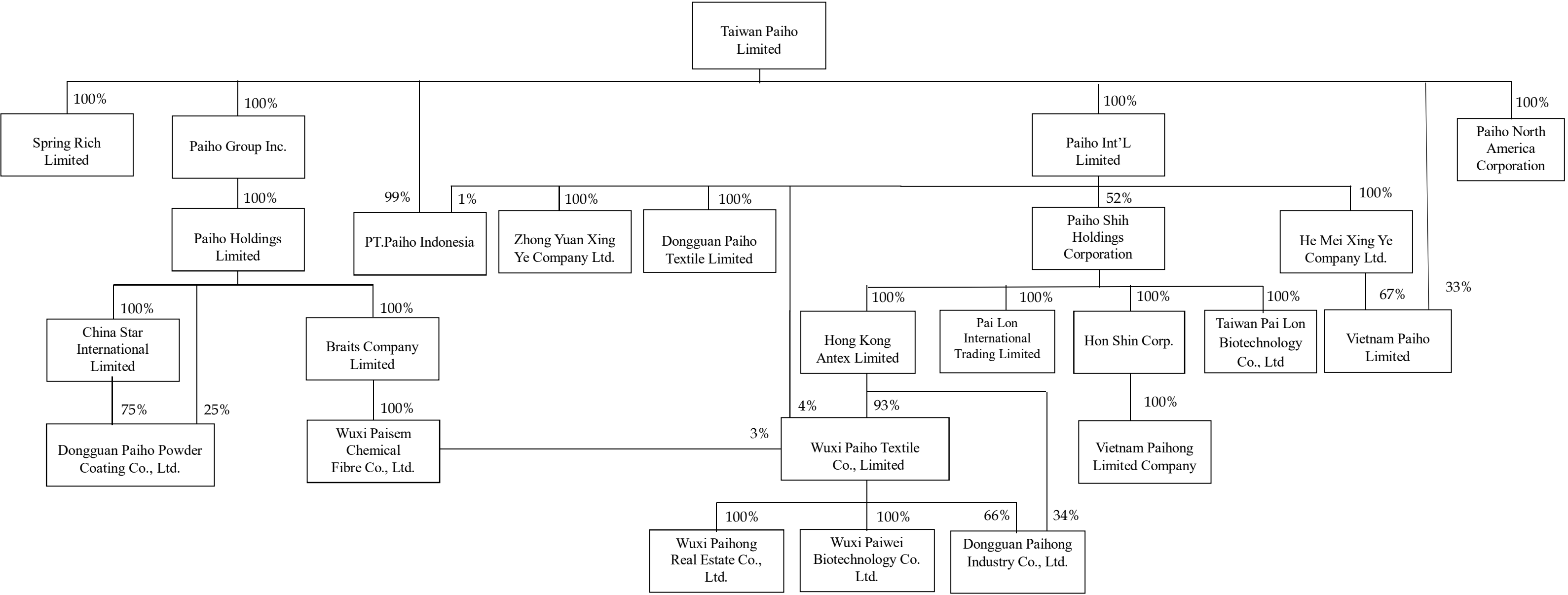
Appendix X

Name of dominant shareholder	Proportion of shareholding	
	Quantity of shares held (share)	Proportion of shareholding
Fubon Life Insurance Co., Ltd	23,363,000	7.84%

Note: The information on major shareholders of the Company is based on the information from TDCC as of the last business day of the quarter where shareholders with actual transactions in common shares and preferred shares were logged with those holding more than 5% of the outstanding shares were sorted out. The equity capital as stated in the consolidated financial statements of the Company and the exact quantity of online transactions tracked on record may vary due to the difference in the basis of calculation.

Taiwan Paiho Limited
Chart of Direct Investment
March 31, 2021

Appendix XI



Note: Paiho Shih Holdings Corporation invested to establish Taiwan Pai Lon Biotechnology Co., Ltd in September 2020.

Taiwan Paiho Limited
Chart of Direct Investment
March 31, 2020

Appendix XII

