

# Taiwan Paiho Limited and Subsidiaries

## Consolidated Financial Statements and CPA Review Report Second Quarter of 2021 and 2020

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## **CPA Review Report**

To: Taiwan Paiho Limited

### **Foreword**

We have completed the review of the consolidated balance sheets of Taiwan Paiho Limited and its subsidiaries (Taiwan Paiho Group) as of June 30, 2021 and 2020, the consolidated statements of comprehensive income from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020, and the consolidated statements of changes in equity, consolidated statements of cash flow and notes to consolidated financial statements (including summary of major accounting policies) from January 1 to June 30, 2021 and 2020. It is the responsibility of the management to fairly present the consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 – “Interim Report” recognized and announced by Financial Supervisory Commission. Our responsibility is to make a conclusion on the consolidated financial reports based on the review results.

### **Scope**

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

### **Basis of Qualified Conclusion**

As stated in note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements above for the same period have not been reviewed by CPAs. The total assets as of June 30, 2021 and 2020 are NT\$3,274,570 thousand and NT\$3,136,659 thousand respectively, both accounting for 11% of the respective total consolidated assets; the total liabilities are NT\$1,338,049 thousand and NT\$1,151,659 thousand respectively, accounting for 8% and 7% of the total consolidated liabilities respectively; the total comprehensive profit and loss from April 1 to June 30, 2021 and 2020 and from January 1 to June, 2021 and 2020 is NT\$62,849 thousand, NT\$(18,821) thousand, NT\$138,697 thousand and NT\$9,870 thousand respectively, accounting for 7%, (14%), 9% and 1% of the total consolidated comprehensive profit and loss respectively.

### **Qualified Conclusion**

According to our review results, except that the financial statements of some non-significant subsidiaries mentioned in the paragraph of Basis of Qualified Conclusion may have an adjustment impact on the consolidated financial statements if reviewed by CPAs, it is not found that the consolidated financial statements above have not been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission that may lead to the inability to properly express the consolidated financial status of the Taiwan Paiho Group as of June 30, 2021 and 2020, the consolidated financial performance from April 1 to June 30, 2021 and 2020, and the consolidated financial performance and consolidated cash flow from January 1 to June 30, 2021 and 2020.

Deloitte Taiwan

Shu-Chin Chiang, CPA

Ting-Chien Su, CPA

Financial Supervisory Commission  
approval No.  
Jin-Guan-Zheng-Shen-Zi No.1000028068

Financial Supervisory Commission approval  
No.  
Jin-Guan-Zheng-Shen-Zi No.1070323246

August 10, 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 consolidated financial statements shall prevail.

Taiwan Paiho Limited and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2021 and December 31 and June 30, 2020

In Thousands of New Taiwan Dollars

| Code | Asset   | June 30, 2021<br>(Reviewed) |            | December 31, 2020<br>(Audited) |            | June 30, 2020<br>(Reviewed) |            |
|------|---|-----------------------------|------------|--------------------------------|------------|-----------------------------|------------|
|      |   | Amount                      | %          | Amount                         | %          | Amount                      | %          |
|      | Current assets  |                             |            |                                |            |                             |            |
| 1100 | Cash and cash equivalents (Note 6)  | \$ 6,156,655                | 20         | \$ 5,988,581                   | 19         | \$ 4,172,364                | 15         |
| 1110 | Financial assets at fair value through profit and loss – current<br>(Note 7)                | 501,225                     | 2          | 644,182                        | 2          | 42,732                      | -          |
| 1136 | Financial assets at amortized cost – current (Notes 9, 29)                                  | 312,119                     | 1          | 711,689                        | 2          | 187,469                     | 1          |
| 1150 | Notes receivable (Note 10)  | 118,607                     | -          | 178,958                        | 1          | 110,791                     | -          |
| 1170 | Trade receivables (Note 10)   | 2,611,736                   | 8          | 2,480,638                      | 8          | 1,897,691                   | 7          |
| 1200 | Other receivables   | 492,800                     | 2          | 479,042                        | 1          | 693,450                     | 3          |
| 1310 | Inventories – manufacturing (Note 11)   | 2,703,487                   | 9          | 2,243,394                      | 7          | 2,568,616                   | 9          |
| 1320 | Inventories – constructing (Note 11)  | 2,379,134                   | 8          | 3,134,576                      | 10         | 2,247,764                   | 8          |
| 1470 | Other current assets (Note 17)  | 509,534                     | 2          | 674,890                        | 2          | 346,448                     | 1          |
| 11XX | Total current assets  | <u>15,785,297</u>           | <u>52</u>  | <u>16,535,950</u>              | <u>52</u>  | <u>12,267,325</u>           | <u>44</u>  |
|      | Non-current assets  |                             |            |                                |            |                             |            |
| 1517 | Financial assets at fair value through other comprehensive<br>income – non-current (Note 8) | -                           | -          | -                              | -          | 30,040                      | -          |
| 1535 | Financial assets at amortized cost – non-current (Notes 9, 29)                              | 28,742                      | -          | 29,143                         | -          | 109,687                     | -          |
| 1600 | Property, plant and equipment (Notes, 13, 29)   | 12,373,170                  | 40         | 12,607,349                     | 40         | 12,860,863                  | 46         |
| 1755 | Right-of-use assets (Notes 14, 28)  | 1,489,473                   | 5          | 1,552,252                      | 5          | 1,622,018                   | 6          |
| 1760 | Investment property (Notes 14, 15)  | 144,910                     | -          | 149,695                        | -          | 146,446                     | 1          |
| 1805 | Goodwill (Note 16)  | 200,803                     | 1          | 204,735                        | 1          | 217,870                     | 1          |
| 1821 | Other intangible assets   | 4,722                       | -          | 2,320                          | -          | 778                         | -          |
| 1840 | Deferred tax assets (Notes 4, 25)   | 265,468                     | 1          | 285,592                        | 1          | 217,171                     | 1          |
| 1915 | Prepayment for machinery and equipment  | 279,236                     | 1          | 325,751                        | 1          | 308,417                     | 1          |
| 1995 | Other non-current assets (Note 17)  | 66,559                      | -          | 49,600                         | -          | 44,450                      | -          |
| 15XX | Total non-current assets  | <u>14,853,083</u>           | <u>48</u>  | <u>15,206,437</u>              | <u>48</u>  | <u>15,557,740</u>           | <u>56</u>  |
| 1XXX | Total assets  | <u>\$ 30,638,380</u>        | <u>100</u> | <u>\$ 31,742,387</u>           | <u>100</u> | <u>\$ 27,825,065</u>        | <u>100</u> |
| Code | Liabilities and equity  |                             |            |                                |            |                             |            |
|      | Current liabilities   |                             |            |                                |            |                             |            |
| 2102 | Short-term borrowings (Notes 18, 29)  | \$ 5,243,755                | 17         | \$ 3,981,840                   | 13         | \$ 5,681,548                | 21         |
| 2130 | Contract liabilities – current (Notes 23 and 28)  | 377,216                     | 1          | 3,238,327                      | 10         | 97,610                      | -          |
| 2150 | Notes payable   | 66,501                      | -          | 61,201                         | -          | 35,299                      | -          |
| 2170 | Trade payables  | 1,136,133                   | 4          | 626,412                        | 2          | 553,313                     | 2          |
| 2200 | Other payables (Note 19)  | 2,298,362                   | 8          | 1,575,598                      | 5          | 2,287,342                   | 8          |
| 2230 | Current tax liabilities (Notes 4 and 25)  | 1,055,698                   | 4          | 955,320                        | 3          | 859,411                     | 3          |
| 2280 | Lease liabilities – current (Notes 14, 28)  | 27,957                      | -          | 27,514                         | -          | 25,921                      | -          |
| 2320 | Current portion of long-term borrowings (Notes 18, 29)                                      | 1,619,740                   | 5          | 1,182,322                      | 4          | 1,362,285                   | 5          |
| 2399 | Other current liabilities   | 121,690                     | -          | 98,535                         | -          | 101,027                     | -          |
| 21XX | Total current liabilities   | <u>11,947,052</u>           | <u>39</u>  | <u>11,747,069</u>              | <u>37</u>  | <u>11,003,756</u>           | <u>39</u>  |
|      | Non-current liabilities   |                             |            |                                |            |                             |            |
| 2540 | Long-term borrowings (Notes 18, 29)   | 3,912,180                   | 13         | 5,853,557                      | 19         | 3,832,875                   | 14         |
| 2570 | Deferred tax liabilities (Notes 4, 29)  | 1,331,566                   | 5          | 1,186,370                      | 4          | 1,137,901                   | 4          |
| 2580 | Lease liabilities – non-current (Notes 14, 28)  | 100,306                     | -          | 113,528                        | -          | 122,857                     | 1          |
| 2630 | Deferred revenue – non-current  | 85,178                      | -          | 87,849                         | -          | 85,359                      | -          |
| 2640 | Net defined benefit liabilities – non-current (Notes 4, 20)                                 | 276,797                     | 1          | 282,943                        | 1          | 244,622                     | 1          |
| 2645 | Guarantee deposits received   | 17,603                      | -          | 17,083                         | -          | 19,404                      | -          |
| 25XX | Total non-current liabilities   | <u>5,723,630</u>            | <u>19</u>  | <u>7,541,330</u>               | <u>24</u>  | <u>5,443,018</u>            | <u>20</u>  |
| 2XXX | Total liabilities   | <u>17,670,682</u>           | <u>58</u>  | <u>19,288,399</u>              | <u>61</u>  | <u>16,446,774</u>           | <u>59</u>  |
|      | Equity attributable to owners of the corporation  |                             |            |                                |            |                             |            |
| 3110 | Common stock  | 2,979,639                   | 10         | 2,979,639                      | 10         | 2,979,639                   | 11         |
| 3200 | Capital surplus   | 727,977                     | 2          | 727,926                        | 2          | 727,926                     | 3          |
|      | Retained earnings   |                             |            |                                |            |                             |            |
| 3310 | Legal reserve   | 1,640,637                   | 5          | 1,487,627                      | 5          | 1,487,627                   | 5          |
| 3320 | Special reserve   | 572,198                     | 2          | 448,343                        | 1          | 448,343                     | 2          |
| 3350 | Unappropriated earnings   | 4,835,562                   | 16         | 4,737,748                      | 15         | 3,986,217                   | 14         |
| 3400 | Other equity interest   | ( 704,418 )                 | ( 2 )      | ( 572,198 )                    | ( 2 )      | ( 596,456 )                 | ( 2 )      |
| 31XX | Total equity attributable to owners of the Corporation                                      | <u>10,051,595</u>           | <u>33</u>  | <u>9,809,085</u>               | <u>31</u>  | <u>9,033,296</u>            | <u>33</u>  |
| 36XX | Non-controlling interests   | <u>2,916,103</u>            | <u>9</u>   | <u>2,644,903</u>               | <u>8</u>   | <u>2,344,995</u>            | <u>8</u>   |
| 3XXX | Total equity  | <u>12,967,698</u>           | <u>42</u>  | <u>12,453,988</u>              | <u>39</u>  | <u>11,378,291</u>           | <u>41</u>  |
|      | Total liabilities and equity  | <u>\$ 30,638,380</u>        | <u>100</u> | <u>\$ 31,742,387</u>           | <u>100</u> | <u>\$ 27,825,065</u>        | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.  
(Refer to the review report of Deloitte Taiwan on August 10, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries  
Consolidated Statements of Comprehensive Income  
April 1, to June 30, 2021 and 2020 and January 1 to June 30, 2021 and 2020  
(Reviewed only, not Audited in Accordance with GAAS)

|      |  | In Thousands of New Taiwan Dollars, Except Earnings per Share |              |                           |              |                            |              |                            |              |
|------|--|---|--------------|---------------------------|--------------|----------------------------|--------------|----------------------------|--------------|
| Code |  | April 1, to June 30, 2021                                     |              | April 1, to June 30, 2020 |              | January 1 to June 30, 2021 |              | January 1 to June 30, 2020 |              |
|      |  | Amount  | %            | Amount                    | %            | Amount                     | %            | Amount                     | %            |
| 4000 | Sales (Notes 23 and 28)  | \$ 6,008,922  | 100          | \$ 2,995,935              | 100          | \$10,681,293               | 100          | \$ 7,593,332               | 100          |
| 5000 | Cost of goods sold (Notes 11, 23, 24 and 28)                               | <u>3,684,026</u>  | <u>61</u>    | <u>1,967,130</u>          | <u>66</u>    | <u>6,451,649</u>           | <u>60</u>    | <u>4,790,355</u>           | <u>63</u>    |
| 5950 | Gross profit   | <u>2,324,896</u>  | <u>39</u>    | <u>1,028,805</u>          | <u>34</u>    | <u>4,229,644</u>           | <u>40</u>    | <u>2,802,977</u>           | <u>37</u>    |
|      | Operating expense (Notes 24 and 28)  |   |              |                           |              |                            |              |                            |              |
| 6100 | Selling and marketing expense  | 406,042   | 7            | 303,588                   | 10           | 753,873                    | 7            | 643,344                    | 8            |
| 6200 | General and administrative expenses  | 205,042   | 3            | 156,686                   | 5            | 408,638                    | 4            | 356,041                    | 5            |
| 6300 | Research and development expenses  | 154,451   | 3            | 136,790                   | 5            | 298,959                    | 3            | 277,473                    | 4            |
| 6450 | Expected credit loss (gain) (Note 10)                                      | ( <u>16,407</u> )   | <u>-</u>     | ( <u>18,265</u> )         | ( <u>1</u> ) | <u>3,094</u>               | <u>-</u>     | <u>26,000</u>              | <u>-</u>     |
| 6000 | Total operating expense  | <u>749,128</u>  | <u>13</u>    | <u>578,799</u>            | <u>19</u>    | <u>1,464,564</u>           | <u>14</u>    | <u>1,302,858</u>           | <u>17</u>    |
| 6900 | Profit from operations   | <u>1,575,768</u>  | <u>26</u>    | <u>450,006</u>            | <u>15</u>    | <u>2,765,080</u>           | <u>26</u>    | <u>1,500,119</u>           | <u>20</u>    |
|      | Non-operating income and expense   |   |              |                           |              |                            |              |                            |              |
| 7010 | Subsidy revenue  | 1,887   | -            | 35,779                    | 1            | 5,178                      | -            | 40,011                     | -            |
| 7100 | Interest income  | 27,251  | 1            | 22,903                    | 1            | 55,458                     | -            | 41,055                     | 1            |
| 7190 | Other income   | 12,211  | -            | 8,950                     | 1            | 22,168                     | -            | 24,668                     | -            |
| 7510 | Interest expense (Notes 24 and 28)   | ( <u>33,432</u> )   | ( <u>1</u> ) | ( <u>51,235</u> )         | ( <u>2</u> ) | ( <u>69,551</u> )          | ( <u>1</u> ) | ( <u>116,343</u> )         | ( <u>2</u> ) |
| 7590 | Other expenses   | ( <u>11,187</u> )   | <u>-</u>     | ( <u>21,715</u> )         | ( <u>1</u> ) | ( <u>16,035</u> )          | <u>-</u>     | ( <u>29,080</u> )          | <u>-</u>     |
| 7630 | Net foreign exchange gain (loss) (Note 24)                                 | ( <u>46,578</u> )   | ( <u>1</u> ) | <u>257</u>                | <u>-</u>     | ( <u>48,572</u> )          | <u>-</u>     | ( <u>10,066</u> )          | <u>-</u>     |
| 7000 | Total non-operating income and expense                                     | ( <u>49,848</u> )   | ( <u>1</u> ) | ( <u>5,061</u> )          | <u>-</u>     | ( <u>51,354</u> )          | ( <u>1</u> ) | ( <u>49,755</u> )          | ( <u>1</u> ) |
| 7900 | Profit before income tax   | 1,525,920   | 25           | 444,945                   | 15           | 2,713,726                  | 25           | 1,450,364                  | 19           |
| 7950 | Income tax expense (Notes 4 and 25)  | <u>572,498</u>  | <u>9</u>     | <u>150,878</u>            | <u>5</u>     | <u>989,501</u>             | <u>9</u>     | <u>523,969</u>             | <u>7</u>     |
| 8200 | Net profit for the period  | <u>953,422</u>  | <u>16</u>    | <u>294,067</u>            | <u>10</u>    | <u>1,724,225</u>           | <u>16</u>    | <u>926,395</u>             | <u>12</u>    |
|      | Other comprehensive income   |   |              |                           |              |                            |              |                            |              |
| 8360 | Items that may be reclassified subsequently to profit or loss:             |   |              |                           |              |                            |              |                            |              |
| 8361 | Exchange differences on translating foreign operations                     | ( <u>134,347</u> )  | ( <u>2</u> ) | ( <u>192,088</u> )        | ( <u>7</u> ) | ( <u>197,055</u> )         | ( <u>2</u> ) | ( <u>266,811</u> )         | ( <u>4</u> ) |
| 8399 | and income tax related to items likely to be reclassified (Notes 4 and 25) | <u>27,062</u>   | <u>-</u>     | <u>32,128</u>             | <u>1</u>     | <u>33,054</u>              | <u>1</u>     | <u>37,029</u>              | <u>1</u>     |
| 8300 | Other comprehensive income for the period (net income)                     | ( <u>107,285</u> )  | ( <u>2</u> ) | ( <u>159,960</u> )        | ( <u>6</u> ) | ( <u>164,001</u> )         | ( <u>1</u> ) | ( <u>229,782</u> )         | ( <u>3</u> ) |
| 8500 | Total comprehensive income for the period                                  | <u>\$ 846,137</u>   | <u>14</u>    | <u>\$ 134,107</u>         | <u>4</u>     | <u>\$ 1,560,224</u>        | <u>15</u>    | <u>\$ 696,613</u>          | <u>9</u>     |

(Continued on the following page)

(Continued from the previous page)

| Code |   | April 1 to June 30, 2021 |           | April 1 to June 30, 2020 |           | January 1 to June 30, 2021 |           | January 1 to June 30, 2020 |           |
|------|---|--------------------------|-----------|--------------------------|-----------|----------------------------|-----------|----------------------------|-----------|
|      |   | Amount                   | %         | Amount                   | %         | Amount                     | %         | Amount                     | %         |
|      | Net profit attributable to:                 |                          |           |                          |           |                            |           |                            |           |
| 8610 | Owners of the Corporation                   | \$ 686,457               | 11        | \$ 244,446               | 8         | \$ 1,268,571               | 12        | \$ 778,572                 | 10        |
| 8620 | Non-controlling interests                   | <u>266,965</u>           | <u>5</u>  | <u>49,621</u>            | <u>2</u>  | <u>455,654</u>             | <u>4</u>  | <u>147,823</u>             | <u>2</u>  |
| 8600 |   | <u>\$ 953,422</u>        | <u>16</u> | <u>\$ 294,067</u>        | <u>10</u> | <u>\$ 1,724,225</u>        | <u>16</u> | <u>\$ 926,395</u>          | <u>12</u> |
|      | Total comprehensive income attributable to: |                          |           |                          |           |                            |           |                            |           |
| 8710 | Owners of the Corporation                   | \$ 578,208               | 10        | \$ 115,937               | 4         | \$ 1,136,351               | 11        | \$ 630,459                 | 8         |
| 8720 | Non-controlling interests                   | <u>267,929</u>           | <u>4</u>  | <u>18,170</u>            | <u>-</u>  | <u>423,873</u>             | <u>4</u>  | <u>66,154</u>              | <u>1</u>  |
| 8700 |   | <u>\$ 846,137</u>        | <u>14</u> | <u>\$ 134,107</u>        | <u>4</u>  | <u>\$ 1,560,224</u>        | <u>15</u> | <u>\$ 696,613</u>          | <u>9</u>  |
|      | Earnings per share (Note 26)                |                          |           |                          |           |                            |           |                            |           |
| 9750 | Basic                                       | <u>\$ 2.30</u>           |           | <u>\$ 0.82</u>           |           | <u>\$ 4.26</u>             |           | <u>\$ 2.61</u>             |           |
| 9850 | Diluted                                     | <u>\$ 2.30</u>           |           | <u>\$ 0.82</u>           |           | <u>\$ 4.25</u>             |           | <u>\$ 2.61</u>             |           |

The notes attached shall constitute an integral part of this Consolidated Financial Statement.

(Refer to the review report of Deloitte Taiwan on August 10, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang



Taiwan Paiho Limited and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to June 30, 2021 and 2020  
(Reviewed only, not Audited in Accordance with GAAS)

In Thousands of New Taiwan Dollars

|      |  | Equity Attributable to Owners of the Corporation |                                |  |                 |                             |                        |                            |   |  |               |                              |               |
|------|--|--|--------------------------------|--|-----------------|-----------------------------|------------------------|----------------------------|---|--|---------------|------------------------------|---------------|
|      |  | Capital Surplus (Note 22)                        |                                |  |                 |                             | Other Equity (Note 22) |                            |   |  |               |                              |               |
|      |  | Common Stock<br>(Note 22)                        | Additional Paid-<br>in Capital | Difference<br>Between<br>Consideration<br>Received or Paid<br>and the Carrying<br>Amount of the<br>Subsidiaries' Net<br>Assets During<br>Actual Disposal<br>or Acquisition | Donation Assets | Retained earnings (Note 22) |                        |                            | Exchange<br>Differences on<br>Translation of<br>Foreign<br>Operations | Unrealized Gain<br>(Loss) on<br>Investments at<br>Fair Value<br>through Other<br>Comprehensive<br>Income | Total         | Non-Controlling<br>Interests | Total Equity  |
| Code |  |  |                                |  |                 | Legal Reserve               | Special Reserve        | Unappropriated<br>Earnings |   |  |               |                              |               |
| A1   | Balance at 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 donations and gifts   | -  | -                              | -  | 36              | -                           | -                      | -                          | -   | -  | 36            | -                            | 36            |
|      | Appropriation of 2019 earnings   |  |                                |  |                 |                             |                        |                            |   |  |               |                              |               |
| B1   | Legal reserve  | -  | -                              | -  | -               | 152,218                     | -                      | (152,218)                  | -   | -  | -             | -                            | -             |
| B3   | Special reserve  | -  | -                              | -  | -               | -                           | 217,613                | (217,613)                  | -   | -  | -             | -                            | -             |
| B5   | Cash dividend  | -  | -                              | -  | -               | -                           | -                      | (893,892)                  | -   | -  | (893,892)     | -                            | (893,892)     |
| O1   | Cash dividends distributed by the subsidiaries                           | -  | -                              | -  | -               | -                           | -                      | -                          | -   | -  | -             | (91,557)                     | (91,557)      |
| D1   | Net profit for the six months ended June 30, 2020                        | -  | -                              | -  | -               | -                           | -                      | 778,572                    | -   | -  | 778,572       | 147,823                      | 926,395       |
| D3   | Other comprehensive loss for the six months ended June 30, 2020          | -  | -                              | -  | -               | -                           | -                      | -                          | (148,113)   | -  | (148,113)     | (81,669)                     | (229,782)     |
| D5   | Total comprehensive income (loss) for the six months ended June 30, 2020 | -  | -                              | -  | -               | -                           | -                      | 778,572                    | (148,113)   | -  | 630,459       | 66,154                       | 696,613       |
| Z1   | Balance at June 30, 2020   | \$ 2,979,639                                     | \$ 615,831                     | \$ 111,914   | \$ 181          | \$ 1,487,627                | \$ 448,343             | \$ 3,986,217               | (\$ 596,739)  | \$ 283   | \$ 9,033,296  | \$ 2,344,995                 | \$ 11,378,291 |
| A1   | Balance at 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 donations and gifts   | -  | -                              | -  | 51              | -                           | -                      | -                          | -   | -  | 51            | -                            | 51            |
|      | Appropriation of 2020 earnings   |  |                                |  |                 |                             |                        |                            |   |  |               |                              |               |
| B1   | Legal reserve  | -  | -                              | -  | -               | 153,010                     | -                      | (153,010)                  | -   | -  | -             | -                            | -             |
| B3   | Special reserve  | -  | -                              | -  | -               | -                           | 123,855                | (123,855)                  | -   | -  | -             | -                            | -             |
| B5   | Cash dividend  | -  | -                              | -  | -               | -                           | -                      | (893,892)                  | -   | -  | (893,892)     | -                            | (893,892)     |
| O1   | Cash dividends distributed by the subsidiaries                           | -  | -                              | -  | -               | -                           | -                      | -                          | -   | -  | -             | (152,673)                    | (152,673)     |
| D1   | Net profit for the six months ended June 30, 2021                        | -  | -                              | -  | -               | -                           | -                      | 1,268,571                  | -   | -  | 1,268,571     | 455,654                      | 1,724,225     |
| D3   | Other comprehensive loss for the six months ended June 30, 2021          | -  | -                              | -  | -               | -                           | -                      | -                          | (132,220)   | -  | (132,220)     | (31,781)                     | (164,001)     |
| D5   | Total comprehensive income (loss) for the six months ended June 30, 2021 | -  | -                              | -  | -               | -                           | -                      | 1,268,571                  | (132,220)   | -  | 1,136,351     | 423,873                      | 1,560,224     |
| Z1   | Balance at June 30, 2021   | \$ 2,979,639                                     | \$ 615,831                     | \$ 111,914   | \$ 232          | \$ 1,640,637                | \$ 572,198             | \$ 4,835,562               | (\$ 674,743)  | (\$ 29,675)  | \$ 10,051,595 | \$ 2,916,103                 | \$ 12,967,698 |

The notes attached shall constitute an integral part of this Consolidated Financial Statement.  
(Refer to the review report of Deloitte Taiwan on August 10, 2021)

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2021 and 2020  
(Reviewed only, not Audited in Accordance with GAAS)

|        |   | In Thousands of New Taiwan Dollars |                               |
|--------|---|------------------------------------|-------------------------------|
| Code   |   | January 1 to June<br>30, 2021      | January 1 to June<br>30, 2020 |
|        | Cash flows from operating activities  |                                    |                               |
| A10000 | Income before income tax  | \$ 2,713,726                       | \$ 1,450,364                  |
| A20010 | Adjustments for :   |                                    |                               |
| A20100 | Depreciation expense  | 635,154                            | 635,314                       |
| A20200 | Amortization expense  | 314                                | 1,638                         |
| A20300 | Expected credit loss recognized   | 3,094                              | 26,000                        |
| A20900 | Interest expense  | 69,551                             | 116,343                       |
| A21200 | Interest income   | ( 55,458)                          | ( 41,055)                     |
| A22500 | Loss on disposal of property, plant<br>and equipment                                  | 442                                | 6,839                         |
| A23700 | Impairment loss recognized on<br>non-financial assets                                 | 96,013                             | 111,020                       |
| A24100 | Unrealized foreign currency<br>exchange loss (profit), net                            | ( 6,158)                           | 4,339                         |
| A29900 | Others  | ( 1,330)                           | 1,605                         |
| A30000 | Changes in operating assets and<br>liabilities  |                                    |                               |
| A31115 | Financial assets mandatorily<br>classified as at fair value<br>through profit or loss | 135,025                            | ( 43,337)                     |
| A31130 | Notes receivable  | 59,651                             | ( 25,057)                     |
| A31150 | Trade receivables   | ( 176,550)                         | 502,327                       |
| A31180 | Other receivables   | ( 26,305)                          | ( 397,827)                    |
| A31200 | Inventories – manufacturing   | ( 602,530)                         | ( 386,989)                    |
| A31200 | Inventories – constructing  | 689,945                            | 456,723                       |
| A31240 | Other current assets  | 142,426                            | 288,260                       |
| A32125 | Contract liabilities  | ( 2,816,298)                       | 40,185                        |
| A32130 | Notes payable   | 5,300                              | ( 15,342)                     |
| A32150 | Trade payables  | 529,588                            | ( 40,143)                     |
| A32180 | Other payables  | ( 263,606)                         | ( 295,533)                    |
| A32230 | Other current liabilities   | 37,808                             | ( 1,148)                      |
| A32240 | Net defined benefit liabilities   | ( 3,761)                           | ( 12,447)                     |
| A33000 | Cash generated from operations  | 1,166,041                          | 2,382,079                     |
| A33100 | Interest received   | 55,458                             | 41,055                        |
| A33300 | Interest paid   | ( 73,436)                          | ( 128,720)                    |
| A33500 | Income tax paid   | ( 688,957)                         | ( 278,865)                    |
| AAAA   | Net cash generated from<br>operating activities                                       | <u>459,106</u>                     | <u>2,015,549</u>              |

(Continued on the following page)

(Continued from the previous page)

| Code   |   | January 1 to June<br>30, 2021 | January 1 to June<br>30, 2020 |
|--------|---|-------------------------------|-------------------------------|
|        | Cash flow from investment activities  |                               |                               |
| B00040 | Purchase of financial assets at<br>amortized cost   | (\$ 1,969,594)                | (\$ 1,916,994)                |
| B00050 | Proceeds from disposal of financial<br>assets at amortized cost   | 2,364,011                     | 1,780,830                     |
| B02700 | Payments for property, plant and<br>equipment   | ( 353,987)                    | ( 436,211)                    |
| B02800 | Proceeds from disposal of property,<br>plant and equipment  | 4,973                         | 2,849                         |
| B03800 | Decrease (increase) in refundable<br>deposits   | ( 13,943)                     | 291                           |
| B04500 | Procurement of intangible assets  | ( 2,072)                      | ( 130)                        |
| B05350 | Payments for right-of-use assets  | -                             | ( 158,735)                    |
| B06700 | Increase in other non-current assets  | ( 3,016)                      | ( 178)                        |
| B07100 | Increase of prepayment for machinery<br>and equipment   | ( <u>201,188</u> )            | ( <u>160,822</u> )            |
| BBBB   | Net cash used in investing<br>activities  | ( <u>174,816</u> )            | ( <u>889,100</u> )            |
|        | Cash flow from financing activities   |                               |                               |
| C00100 | Proceeds from short-term borrowings   | 1,352,241                     | 454,430                       |
| C01600 | Proceeds from long-term borrowings  | 1,140,831                     | 1,052,366                     |
| C01700 | Repayments of long-term borrowings  | ( 2,538,320)                  | ( 1,555,637)                  |
| C03000 | Proceeds from guarantee deposits<br>received  | 871                           | 5,533                         |
| C04020 | Repayment of the principal portion of<br>lease liabilities  | ( 13,883)                     | ( 22,824)                     |
| C09900 | Overdue dividends   | <u>51</u>                     | <u>36</u>                     |
| CCCC   | Net cash used in financing<br>activities  | ( <u>58,209</u> )             | ( <u>66,096</u> )             |
| DDDD   | Effects of exchange rate changes on the<br>balance of cash and cash equivalents<br>held in foreign currencies | ( <u>58,007</u> )             | ( <u>170,778</u> )            |
| EEEE   | Net increase in cash and cash equivalents   | 168,074                       | 889,575                       |
| E00100 | Cash and cash equivalents at the beginning<br>of the period   | <u>5,988,581</u>              | <u>3,282,789</u>              |
| E00200 | Cash and cash equivalents at the end of the<br>period   | <u>\$ 6,156,655</u>           | <u>\$ 4,172,364</u>           |

The notes attached shall constitute an integral part of this Consolidated Financial Statement.

(Refer to the review report of Deloitte Taiwan on August 10, 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  
For the Six Months ended June 30, 2021 and 2020  
(Reviewed only, not Audited in Accordance with GAAS)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

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

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

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

II. Date and Procedure for Approval of the Financial Statements

This consolidated financial statement was passed by the Board of Directors on August 10, 2021.

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

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

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

(II) The IFRSs endorsed by the FSC for application starting from 2022

| New IFRSs   | Effective Date Announced<br>by IASB |
|---|-------------------------------------|
| “Annual Improvements to IFRS Standards 2018-2020”                                   | January 1, 2022 (Note 1)            |
| Amendments to IFRS 3 “Reference to the Conceptual Framework”                        | January 1, 2022 (Note 2)            |
| Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” | January 1, 2022 (Note 3)            |
| Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”            | January 1, 2022 (Note 4)            |

- Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of compliance

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

##### (II) Basis of preparation

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

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

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

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

(IV) Other significant accounting policies

Other than the explanations below, refer to note to significant accounting policies contained in the 2020 consolidated financial statements.

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, calculated from the beginning to the end of the period. Adjustments have been made for significant market fluctuation, major revision of plans, repayments and other material one-off items.

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 tax in the interim period in calculation.

## V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group takes the recent development of the COVID-19 pandemic in Taiwan and its possible impact on the economic environment into the consideration of major accounting estimates for items such as cash flow, growth rate, discount rate and profitability. The management will continue to review the estimates and basic assumptions. If the correction of the estimate only affects the current period, it shall be recognized in the current period of amendment; If the correction of accounting estimates affects the current and future periods at the same time, it shall be recognized in the current and future periods.

## VI. Cash and Cash Equivalents

|  | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|--|---------------------|----------------------|---------------------|
| Petty cash and cash on hand  | \$ 39,938           | \$ 51,549            | \$ 53,283           |
| Checking accounts and demand deposits  | 3,615,899           | 1,060,410            | 1,757,408           |
| Cash equivalents (deposit accounts with original maturities of less than 3 months) | <u>2,500,818</u>    | <u>4,876,622</u>     | <u>2,361,673</u>    |
|  | <u>\$ 6,156,655</u> | <u>\$ 5,988,581</u>  | <u>\$ 4,172,364</u> |

## VII. Financial Instruments at Fair Value through Profit or Loss – Current

|  | June 30, 2021     | December 31,<br>2020 | June 30, 2020    |
|--|-------------------|----------------------|------------------|
| <u>Financial assets at fair value through profit or loss (FVTPL) - current</u> |                   |                      |                  |
| Financial assets mandatorily classified as at FVTPL                            |                   |                      |                  |
| Non-derivative   |                   |                      |                  |
| Structured deposits  | <u>\$ 501,225</u> | <u>\$ 644,182</u>    | <u>\$ 42,732</u> |



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

| <u>Name of Investee</u>   | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---|----------------------|------------------------------|----------------------|
| <u>Investments in equity instrument at FVTOCI - overseas unlisted common shares</u> |                      |                              |                      |
| Hong Kong Leader Elastic Limited (Hong Kong Leader)                                 | \$ <u>-</u>          | \$ <u>-</u>                  | \$ <u>30,040</u>     |

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

IX. Financial Assets at Amortized Cost

|                     | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---------------------|----------------------|------------------------------|----------------------|
| <u>Current</u>      |                      |                              |                      |
| Restricted deposits | \$ <u>312,119</u>    | \$ <u>711,689</u>            | \$ <u>187,469</u>    |
| <u>Non-current</u>  |                      |                              |                      |
| Restricted deposits | \$ <u>28,742</u>     | \$ <u>29,143</u>             | \$ <u>109,687</u>    |

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

X. Notes Receivable and Trade Receivables

|                                     | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|-------------------------------------|----------------------|------------------------------|----------------------|
| <u>Notes receivable</u>             |                      |                              |                      |
| At amortized cost                   | \$ <u>118,607</u>    | \$ <u>178,958</u>            | \$ <u>110,791</u>    |
| <u>Trade receivables</u>            |                      |                              |                      |
| At amortized cost                   |                      |                              |                      |
| Gross carrying amount               | \$ 2,746,641         | \$ 2,614,953                 | \$ 2,042,053         |
| Less: allowance for impairment loss | ( <u>134,905</u> )   | ( <u>134,315</u> )           | ( <u>144,362</u> )   |
|                                     | \$ <u>2,611,736</u>  | \$ <u>2,480,638</u>          | \$ <u>1,897,691</u>  |

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

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

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

The Group measures the allowance for loss of trade receivables 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>June 30, 2021</u>           |                    |                   |                  |                 |                    |                    |
| Gross carrying amount          | \$2,427,302        | \$ 197,258        | \$ 33,786        | \$ 19,864       | \$ 68,431          | \$2,746,641        |
| Loss allowance (Lifetime ECLs) | ( 34,992)          | ( 29,244)         | ( 9,473)         | ( 10,545)       | ( 50,651)          | ( 134,905)         |
| Amortized cost                 | <u>\$2,392,310</u> | <u>\$ 168,014</u> | <u>\$ 24,313</u> | <u>\$ 9,319</u> | <u>\$ 17,780</u>   | <u>\$2,611,736</u> |
| <u>December 31, 2020</u>       |                    |                   |                  |                 |                    |                    |
| Gross carrying amount          | \$2,326,006        | \$ 182,015        | \$ 52,230        | \$ 11,184       | \$ 43,518          | \$2,614,953        |
| Loss allowance (Lifetime ECLs) | ( 53,396)          | ( 25,022)         | ( 17,697)        | ( 7,045)        | ( 31,155)          | ( 134,315)         |
| 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> |
| <u>June 30, 2020</u>           |                    |                   |                  |                 |                    |                    |
| Gross carrying amount          | \$1,673,817        | \$ 239,922        | \$ 47,605        | \$ 18,326       | \$ 62,383          | \$2,042,053        |
| Loss allowance (Lifetime ECLs) | ( 35,306)          | ( 36,554)         | ( 16,347)        | ( 12,336)       | ( 43,819)          | ( 144,362)         |
| Amortized cost                 | <u>\$1,638,511</u> | <u>\$ 203,368</u> | <u>\$ 31,258</u> | <u>\$ 5,990</u> | <u>\$ 18,564</u>   | <u>\$1,897,691</u> |

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

|   | January 1 to June<br>30, 2021 | January 1 to June<br>30, 2020 |
|---|-------------------------------|-------------------------------|
| Balance at January 1                              | \$ 134,315                    | \$ 121,018                    |
| Add: Impairment loss recognized<br>on receivables | 3,094                         | 26,000                        |
| Less: Amounts written off                         | ( 732)                        | ( 104)                        |
| Foreign exchange gains and losses                 | ( 1,772)                      | ( 2,552)                      |
| Balance at June 30                                | <u>\$ 134,905</u>             | <u>\$ 144,362</u>             |

## XI. Inventories

### (I) Manufacturing

|                            | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|----------------------------|---------------------|----------------------|---------------------|
| Finished goods             | \$ 1,020,671        | \$ 790,375           | \$ 876,221          |
| Work in process            | 558,130             | 478,864              | 533,831             |
| Raw materials and supplies | 1,051,362           | 876,168              | 1,109,139           |
| Inventory in transit       | <u>73,324</u>       | <u>97,987</u>        | <u>49,425</u>       |
|                            | <u>\$ 2,703,487</u> | <u>\$ 2,243,394</u>  | <u>\$ 2,568,616</u> |

The cost of inventories recognized as cost of goods sold from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020 were NT\$2,331,929 thousand, NT\$1,665,969 thousand, NT\$4,547,547 thousand and NT\$3,801,590 thousand respectively. Operating costs include inventory falling price and slow-moving inventory loss of NT\$62,344 thousand, NT\$86,553 thousand, NT\$96,013 thousand and NT\$109,316 thousand, respectively.

### (II) Construction industry

|                                   | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|-----------------------------------|---------------------|----------------------|---------------------|
| Construction under<br>development | \$ 1,251,813        | \$ 2,725,435         | \$ 1,766,049        |
| Construction to be sold           | <u>1,127,321</u>    | <u>409,141</u>       | <u>481,715</u>      |
|                                   | <u>\$ 2,379,134</u> | <u>\$ 3,134,576</u>  | <u>\$ 2,247,764</u> |

#### Construction under development

| Location                 | Project Name                                   | Expected<br>Completion<br>Time | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|--------------------------|--|--------------------------------|---------------------|----------------------|---------------------|
| Xishan District,<br>Wuxi | Paiho International<br>Mansion -<br>Season Two | 2021                           | \$ -                | \$ 1,843,081         | \$ 1,166,576        |
|                          | Paiho Commercial<br>Plaza                      | 2021                           | <u>1,251,813</u>    | <u>882,354</u>       | <u>599,473</u>      |
|                          |  |                                | <u>\$ 1,251,813</u> | <u>\$ 2,725,435</u>  | <u>\$ 1,766,049</u> |

## Construction to be sold

| Location              | Project Name         | June 30, 2021       | December 31,<br>2020 | June 30, 2020     |
|-----------------------|----------------------|---------------------|----------------------|-------------------|
| Xishan District, Wuxi | Paiho International  |                     |                      |                   |
|                       | Mansion - Season One | \$ 329,443          | \$ 409,141           | \$ 481,715        |
|                       | Paiho International  |                     |                      |                   |
|                       | Mansion - Season Two | 797,878             | -                    | -                 |
|                       |                      | <u>\$ 1,127,321</u> | <u>\$ 409,141</u>    | <u>\$ 481,715</u> |

The cost of inventories recognized as cost of real estate sold from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020 were NT\$1,352,097 thousand, NT\$301,161 thousand, NT\$1,904,102 thousand and NT\$988,765 thousand, respectively.

## XII. Subsidiaries

### (I) Subsidiaries included in the consolidated financial statements

| Investor                        | Investee  | Nature of Activities  | Percentage of Ownership (%) |                      |                  |
|---------------------------------|---|---|-----------------------------|----------------------|------------------|
|                                 |   |   | June 30,<br>2021            | December<br>31, 2020 | June 30,<br>2020 |
| The Corporation                 | Paiho Int'L Limited<br>(Note 1)                   | 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<br>(Note 1)                 | Manufacture and extra processing on touch fasteners and various type of webbings          | 33                          | 33                   | 33               |
| Paiho Int'l Limited             | Paiho Shih Holdings Corporation<br>(Note 1)       | 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.<br>(Note 1)           | 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<br>(Note 1)      | Processing of touch fastener, webbing and embroidery                                      | 4                           | 4                    | 4                |
| Paiho Shih Holdings Corporation | Hong Kong Antex Limited<br>(Note 1)               | International investment  | 100                         | 100                  | 100              |
|                                 | Pai Lon International Trading Limited<br>(Note 1) | International Trading   | 100                         | 100                  | 100              |
|                                 | Hon Shin Corp. (Note 1)                           | International investment and trading  | 100                         | 100                  | 100              |

(Continued on the following page)

(Continued from the previous page)

| Investor                             | Investee   | Nature of Activities  | Percentage of Ownership (%) |                   |               |
|--------------------------------------|--|---|-----------------------------|-------------------|---------------|
|                                      |  |   | June 30, 2021               | December 31, 2020 | June 30, 2020 |
|                                      | Taiwan Pai Lon Biotechnology Co. Ltd. (Note 1 and 2) | Production and sale of mask and non-woven fabrics   | 100                         | 100               | -             |
| Hong Kong Antex Limited.             | Wuxi Paiho Textile Co., Limited (Note 1)             | Production of touch fastener, webbings, and embroidery.   | 93                          | 93                | 93            |
| Hong Kong Antex Limited.             | Dongguan Paihong Industry Co., Ltd. (Note 1)         | Production and sale of touch fastener, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc. | 34                          | 34                | 34            |
| Wuxi Paiho Textiles Co., Limited     | Dongguan Paihong Industry Co., Ltd. (Note 1)         | 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., Ltd.(Note 1)           | Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration           | 100                         | 100               | 100           |
|                                      | Wuxi Paiwei Biotechnology Co., Ltd. (Note 1)         | Production and sales of masks and non-woven products  | 100                         | 100               | 100           |
| Hon Shin Corp.                       | Vietnam Paihong Limited Company. (Note 1)            | Production and sale of mesh and other fabrics.  | 100                         | 100               | 100           |
| He Mei Xing Ye Company Ltd.          | Vietnam Paiho Limited (Note 1)                       | 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 Co., Ltd.             | Dongguan Paiho Powder Coating Co., Ltd.              | Production & marketing of powder coating  | 25                          | 25                | 25            |
|                                      | China Star International Limited                     | Production & marketing of powder coating  | 100                         | 100               | 100           |
|                                      | Braits Company Limited                               | International investment  | 100                         | 100               | 100           |
| Braits Company Limited               | Wuxi Paisem Chemical Fibre Co., Ltd.                 | Production & marketing of chemical fiber  | 100                         | 100               | 100           |
| Wuxi Paisem Chemical Fibre Co., Ltd. | Wuxi Paiho Textiles Co., Limited (Note 1)            | Production of touch fastener, webbings, and embroidery.   | 3                           | 3                 | 3             |
| China Star International Limited     | Dongguan Paiho Powder Coating Co., Ltd.              | Production & marketing of powder coating  | 75                          | 75                | 75            |

Note 1: It is prepared in accordance with the financial statements reviewed by CPAs, and the rest are prepared in accordance with the financial statements not reviewed by CPAs.

Note 2: Taiwan Pai Lon Biotechnology Co. Ltd was established in September 2020. The board of directors of Paiho Shih Holdings Corporation resolved to dissolve and liquidate Taiwan Pai Lon Biotechnology Co. Ltd on May 7, 2021; the dissolution registration was completed and the approval letter was obtained on June 7, 2021, but the liquidation has not yet been completed.

The reinvestment structure as of June 30, 2021 and 2020 is shown in Tables 11 and 12.

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

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

| Subsidiary                                       | Proportion of Ownership and Voting Rights Held by Non-controlling Interests |                   |               |
|--|---|-------------------|---------------|
|  | June 30, 2021   | December 31, 2020 | June 30, 2020 |
| Paiho Shih Holdings Corporation and subsidiaries | 48%   | 48%               | 48%           |

| Subsidiary                                       | Profit (Loss) Allocated to Non-controlling Interests |                          |                            |                            |
|--|--|--------------------------|----------------------------|----------------------------|
|  | April 1 to June 30, 2021                             | April 1 to June 30, 2020 | January 1 to June 30, 2021 | January 1 to June 30, 2020 |
| Paiho Shih Holdings Corporation and subsidiaries | <u>\$ 266,965</u>                                    | <u>\$ 49,621</u>         | <u>\$ 455,654</u>          | <u>\$ 147,823</u>          |

| Subsidiary                                       | Accumulated Non-controlling Interests |                     |                     |
|--|---------------------------------------|---------------------|---------------------|
|  | June 30, 2021                         | December 31, 2020   | June 30, 2020       |
| Paiho Shih Holdings Corporation and subsidiaries | <u>\$ 2,916,103</u>                   | <u>\$ 2,644,903</u> | <u>\$ 2,344,995</u> |

|                         | December 31,        |                     |                     |
|-------------------------|---------------------|---------------------|---------------------|
|                         | June 30, 2021       | 2020                | June 30, 2020       |
| Current assets          | \$ 10,200,279       | \$ 11,287,848       | \$ 7,388,683        |
| Non-current assets      | 6,959,439           | 7,218,318           | 7,298,636           |
| Current liabilities     | ( 6,941,097)        | ( 7,401,420)        | ( 6,405,230)        |
| Non-current liabilities | ( 3,710,878)        | ( 5,157,032)        | ( 2,994,246)        |
| Equity                  | <u>\$ 6,507,743</u> | <u>\$ 5,947,714</u> | <u>\$ 5,287,843</u> |

|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Equity attributed to:                            |                     |                     |                     |
| Owners of the Corporation                        | \$ 3,591,640        | \$ 3,302,811        | \$ 2,942,848        |
| Non-controlling interests of                     |                     |                     |                     |
| Paiho Shih Holdings Corporation and subsidiaries | <u>2,916,103</u>    | <u>2,644,903</u>    | <u>2,344,995</u>    |
|  | <u>\$ 6,507,743</u> | <u>\$ 5,947,714</u> | <u>\$ 5,287,843</u> |

|   | April 1 to<br>June 30, 2021 | April 1 to<br>June 30, 2020 | January 1 to<br>June 30, 2021 | January 1 to<br>June 30, 2020 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Sales   | <u>\$3,850,642</u>          | <u>\$1,509,124</u>          | <u>\$6,308,313</u>            | <u>\$3,765,675</u>            |
| Net profit for the<br>period  | \$ 600,191                  | \$ 120,634                  | \$1,017,157                   | \$ 355,035                    |
| Other<br>comprehensive<br>income  | <u>3,851</u>                | <u>( 71,332)</u>            | <u>( 67,423)</u>              | <u>( 179,809)</u>             |
| Total comprehensive<br>income   | <u>\$ 604,042</u>           | <u>\$ 49,302</u>            | <u>\$ 949,734</u>             | <u>\$ 175,226</u>             |
| Net profit<br>attributable to:  |                             |                             |                               |                               |
| Owners of the<br>Corporation  | \$ 333,226                  | \$ 71,013                   | \$ 561,503                    | \$ 207,212                    |
| Non-controlling<br>interests of<br>Paiho Shih<br>Holdings<br>Corporation<br>and<br>subsidiaries | <u>266,965</u>              | <u>49,621</u>               | <u>455,654</u>                | <u>147,823</u>                |
|   | <u>\$ 600,191</u>           | <u>\$ 120,634</u>           | <u>\$1,017,157</u>            | <u>\$ 355,035</u>             |
| Total comprehensive<br>income attributed to:  |                             |                             |                               |                               |
| Owners of the<br>Corporation  | \$ 336,113                  | \$ 31,132                   | \$ 525,861                    | \$ 109,072                    |
| Non-controlling<br>interests of<br>Paiho Shih<br>Holdings<br>Corporation<br>and<br>subsidiaries | <u>267,929</u>              | <u>18,170</u>               | <u>423,873</u>                | <u>66,154</u>                 |
|   | <u>\$ 604,042</u>           | <u>\$ 49,302</u>            | <u>\$ 949,734</u>             | <u>\$ 175,226</u>             |
| Cash flow   |                             |                             |                               |                               |
| Operating<br>activities   |                             |                             | (\$ 267,480)                  | \$ 1,093,254                  |
| Investing<br>activities   |                             |                             | 18,457                        | ( 460,371)                    |
| Financing<br>activities   |                             |                             | <u>210,755</u>                | <u>322,187</u>                |
| Net cash generated<br>from (used in)  |                             |                             | <u>( \$ 38,268)</u>           | <u>\$ 955,070</u>             |

### XIII. Property, Plant and Equipment

| January 1 to June 30, 2021               | Balance at the<br>Beginning of<br>Period | Additions         | Disposal            | Reclassified<br>Amount | Translation<br>Adjustments | Balance at the<br>End of the<br>Period |
|--|--|-------------------|---------------------|------------------------|----------------------------|--|
| <u>Cost</u>                              |  |                   |                     |                        |                            |  |
| Land                                     | \$ 578,056                               | \$ -              | \$ -                | \$ 2,000               | (\$ 1,669)                 | \$ 578,387                             |
| Buildings                                | 7,498,220                                | 11,448            | ( 15,335)           | 187,316                | ( 129,172)                 | 7,552,477                              |
| Machinery and equipment                  | 8,303,863                                | 91,485            | ( 55,353)           | 177,069                | ( 135,967)                 | 8,381,097                              |
| Transportation equipment                 | 276,572                                  | 14,741            | ( 9,482)            | 2,046                  | ( 4,483)                   | 279,394                                |
| Miscellaneous equipment                  | 824,261                                  | 24,470            | ( 22,107)           | 9,807                  | ( 14,191)                  | 822,240                                |
| Construction in progress                 | <u>1,159,586</u>                         | <u>184,065</u>    | <u>-</u>            | <u>( 135,736)</u>      | <u>( 13,593)</u>           | <u>1,194,322</u>                       |
| Total cost                               | <u>18,640,558</u>                        | <u>\$ 326,209</u> | <u>(\$ 102,277)</u> | <u>\$ 242,502</u>      | <u>(\$ 299,075)</u>        | <u>18,807,917</u>                      |
| <u>Accumulated depreciation</u>          |  |                   |                     |                        |                            |  |
| Buildings                                | 1,715,855                                | \$ 153,733        | (\$ 15,335)         | \$ -                   | (\$ 26,508)                | 1,827,745                              |
| Machinery and equipment                  | 3,599,270                                | 379,246           | ( 52,993)           | 1,972                  | ( 61,651)                  | 3,865,844                              |
| Transportation equipment                 | 151,723                                  | 14,435            | ( 8,359)            | -                      | ( 2,476)                   | 155,323                                |
| Miscellaneous equipment                  | <u>566,361</u>                           | <u>50,329</u>     | <u>( 20,175)</u>    | <u>( 1,031)</u>        | <u>( 9,649)</u>            | <u>585,835</u>                         |
| Total accumulated depreciation           | <u>6,033,209</u>                         | <u>\$ 597,743</u> | <u>(\$ 96,862)</u>  | <u>\$ 941</u>          | <u>(\$ 100,284)</u>        | <u>6,434,747</u>                       |
| Property, plant and equipment net amount | <u>\$12,607,349</u>                      |                   |                     |                        |                            | <u>\$12,373,170</u>                    |
| <u>January 1 to June 30, 2020</u>        |  |                   |                     |                        |                            |  |
| <u>Cost</u>                              |  |                   |                     |                        |                            |  |
| land                                     | \$ 581,313                               | \$ -              | \$ -                | \$ -                   | (\$ 942)                   | \$ 580,371                             |
| Buildings                                | 5,611,257                                | 21,674            | ( 3,744)            | 35,771                 | ( 76,391)                  | 5,588,567                              |
| Machinery and equipment                  | 8,316,200                                | 58,423            | ( 47,713)           | 388,686                | ( 116,971)                 | 8,598,625                              |
| Transportation equipment                 | 282,764                                  | 4,738             | ( 9,313)            | 5,516                  | ( 4,205)                   | 279,500                                |
| Miscellaneous equipment                  | 766,544                                  | 24,951            | ( 20,917)           | 7,591                  | ( 15,297)                  | 762,872                                |
| Construction in progress                 | <u>2,497,643</u>                         | <u>316,488</u>    | <u>-</u>            | <u>( 9,512)</u>        | <u>( 29,461)</u>           | <u>2,775,158</u>                       |
| Total cost                               | <u>18,055,721</u>                        | <u>\$ 426,274</u> | <u>(\$ 81,687)</u>  | <u>\$ 428,052</u>      | <u>(\$ 243,267)</u>        | <u>18,585,093</u>                      |
| <u>Accumulated depreciation</u>          |  |                   |                     |                        |                            |  |
| Buildings                                | 1,501,330                                | \$ 124,306        | (\$ 2,097)          | \$ 4,936               | (\$ 29,051)                | 1,599,424                              |
| Machinery and equipment                  | 3,149,952                                | 404,633           | ( 44,299)           | -                      | ( 48,670)                  | 3,461,616                              |
| Transportation equipment                 | 133,778                                  | 16,269            | ( 7,963)            | 1,181                  | ( 2,376)                   | 140,889                                |
| Miscellaneous equipment                  | <u>504,599</u>                           | <u>45,149</u>     | <u>( 17,640)</u>    | <u>( 4,936)</u>        | <u>( 11,149)</u>           | <u>516,023</u>                         |
| Total accumulated depreciation           | <u>5,289,659</u>                         | <u>\$ 590,357</u> | <u>(\$ 71,999)</u>  | <u>\$ 1,181</u>        | <u>(\$ 91,246)</u>         | <u>5,717,952</u>                       |
| <u>Accumulated impairment</u>            |  |                   |                     |                        |                            |  |
| Buildings                                | 4,727                                    | \$ 341            | \$ -                | \$ -                   | (\$ 129)                   | 4,939                                  |
| Machinery and equipment                  | <u>-</u>                                 | <u>1,363</u>      | <u>-</u>            | <u>-</u>               | <u>( 24)</u>               | <u>1,339</u>                           |
| Total accumulated impairment             | <u>4,727</u>                             | <u>\$ 1,704</u>   | <u>\$ -</u>         | <u>\$ -</u>            | <u>(\$ 153)</u>            | <u>6,278</u>                           |
| Property, plant and equipment net amount | <u>\$12,761,335</u>                      |                   |                     |                        |                            | <u>\$12,860,863</u>                    |

The Corporation is located in Hemei Town, Changhua County, with an area of 55 square meters in the Hemei section of land (recorded as self-owned land for NT\$264,000), 2,597 square meters in the Zhongxiao section of land (recorded as self-owned land for NT\$8,773 thousand), and 5,034 square meters in the Tiaoxing section of land (recorded as self-owned land for NT\$40,392 thousand). These are agricultural land temporarily registered in the names of others, with the Corporation as the obligee and establishment of a certificate of other rights which stipulates that the Corporation has the ownership of the land.



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

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

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

#### XIV. Lease Agreements

##### (I) Right-of-use assets

|  | June 30, 2021                  | December 31,<br>2020           | June 30, 2020                    |
|--|--------------------------------|--------------------------------|----------------------------------|
| Carrying amounts` of right-of-use assets   |                                |                                |                                  |
| Land                                       | \$ 1,357,840                   | \$ 1,404,822                   | \$ 1,459,428                     |
| Buildings                                  | 129,667                        | 145,020                        | 162,590                          |
| Transportation equipment                   | 1,966                          | 2,410                          | -                                |
|  | <u>\$ 1,489,473</u>            | <u>\$ 1,552,252</u>            | <u>\$ 1,622,018</u>              |
|  | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 |
| Addition to right-of-use assets            | <u>\$ 1,253</u>                | <u>\$ 4,781</u>                | <u>\$ 2,788</u>                  |
|  |                                |                                | January 1 to<br>June 30,<br>2020 |
| Depreciation charge of right-of-use assets |                                |                                |                                  |
| Land                                       | \$ 8,756                       | \$ 8,624                       | \$ 17,646                        |
| Buildings                                  | 8,019                          | 11,842                         | 16,333                           |
| Transportation equipment                   | 204                            | -                              | 411                              |
|  | <u>\$ 16,979</u>               | <u>\$ 20,466</u>               | <u>\$ 34,390</u>                 |
|  |                                |                                | <u>\$ 41,993</u>                 |

Except for the addition and depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group from January 1 to June 30, 2021 and 2020.

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

(II) Lease liabilities

|                                       | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|------------------------------|----------------------|
| Carrying amounts of lease liabilities |                      |                              |                      |
| Current                               | <u>\$ 27,957</u>     | <u>\$ 27,514</u>             | <u>\$ 25,921</u>     |
| Non-current                           | <u>\$ 100,306</u>    | <u>\$ 113,528</u>            | <u>\$ 122,857</u>    |

The discount rate ranges for lease liabilities are as follows:

|                          | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|--------------------------|----------------------|------------------------------|----------------------|
| Buildings                | 1.67%-5.00%          | 1.67%-5.00%                  | 1.67%-5.00%          |
| Transportation equipment | 3.85%                | 3.85%                        | -                    |

(III) Sublease

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

(IV) Other lease information

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

|   | <u>April 1 to<br/>June 30,<br/>2021</u> | <u>April 1 to<br/>June 30,<br/>2020</u> | <u>January 1 to<br/>June 30,<br/>2021</u> | <u>January 1 to<br/>June 30,<br/>2020</u> |
|---|---|---|---|---|
| Expenses relating to short-term leases      | <u>\$ 3,228</u>                         | <u>\$ 2,655</u>                         | <u>\$ 5,376</u>                           | <u>\$ 4,470</u>                           |
| Expenses relating to low-value asset leases | <u>\$ 4,865</u>                         | <u>\$ 5,073</u>                         | <u>\$ 9,971</u>                           | <u>\$ 11,149</u>                          |
| Total cash inflow (outflow) for leases      |   |   | <u>(\$ 32,249)</u>                        | <u>(\$ 41,812)</u>                        |

XV. Investment Properties

| <u>January 1 to June 30,<br/>2021</u>    | <u>Balance at<br/>the<br/>Beginning<br/>of Period</u> | <u>Additions</u> | <u>Translation<br/>Adjustments</u> | <u>Balance at<br/>the End of<br/>the Period</u> |
|--|---|------------------|------------------------------------|---|
| <u>Cost</u>                              |   |                  |                                    |   |
| Completed investment properties          | \$ 172,482  | \$ -             | (\$ 2,062)                         | \$ 170,420                                      |
| Right-of-use assets                      | <u>16,119</u>   | <u>-</u>         | <u>( 193)</u>                      | <u>15,926</u>                                   |
| Total cost                               | <u>188,601</u>  | <u>\$ -</u>      | <u>(\$ 2,255)</u>                  | <u>186,346</u>                                  |
| <u>Accumulated<br/>depreciation</u>      |   |                  |                                    |   |
| Completed investment properties          | 38,112  | \$ 2,823         | (\$ 480)                           | 40,455  |
| Right-of-use assets                      | <u>794</u>  | <u>198</u>       | <u>( 11)</u>                       | <u>981</u>                                      |
| Total accumulated depreciation           | <u>38,906</u>   | <u>\$ 3,021</u>  | <u>(\$ 491)</u>                    | <u>41,436</u>                                   |
| Carrying amount of investment properties | <u>\$ 149,695</u>                                     |                  |                                    | <u>\$ 144,910</u>                               |
| <u>January 1 to June 30,<br/>2020</u>    | <u>Balance at<br/>the<br/>Beginning<br/>of Period</u> | <u>Additions</u> | <u>Translation<br/>Adjustments</u> | <u>Balance at<br/>the End of<br/>the Period</u> |
| <u>Cost</u>                              |   |                  |                                    |   |
| Completed investment properties          | \$ 169,819  | \$ -             | (\$ 4,430)                         | \$ 165,389                                      |
| Right-of-use assets                      | <u>15,870</u>   | <u>-</u>         | <u>( 414)</u>                      | <u>15,456</u>                                   |
| Total cost                               | <u>185,689</u>  | <u>\$ -</u>      | <u>(\$ 4,844)</u>                  | <u>180,845</u>                                  |
| <u>Accumulated<br/>depreciation</u>      |   |                  |                                    |   |
| Completed investment properties          | 31,945  | \$ 2,770         | (\$ 887)                           | 33,828  |
| Right-of-use assets                      | <u>391</u>  | <u>194</u>       | <u>( 14)</u>                       | <u>571</u>                                      |
| Total accumulated depreciation           | <u>32,336</u>   | <u>\$ 2,964</u>  | <u>(\$ 901)</u>                    | <u>34,399</u>                                   |
| Carrying amount of investment properties | <u>\$ 153,353</u>                                     |                  |                                    | <u>\$ 146,446</u>                               |

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

The term of the sublease of the investment properties is 7 years, with an option to extend for an additional 5 years. When the lessee exercises the option, the original contract

is extended. The lessee does not have bargain purchase option to acquire the investment properties at the expiry of the lease period.

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

|                   | June 30, 2021    | December 31,<br>2020 | June 30, 2020     |
|-------------------|------------------|----------------------|-------------------|
| Year 1            | \$ 16,645        | \$ 16,907            | \$ 16,189         |
| Year 2            | 17,268           | 16,907               | 16,189            |
| Year 3            | 19,137           | 18,807               | 16,795            |
| Year 4            | 19,137           | 19,439               | 18,613            |
| Year 5            | 14,353           | 19,439               | 18,613            |
| More than 5 years | -                | 4,860                | 13,960            |
|                   | <u>\$ 86,540</u> | <u>\$ 96,359</u>     | <u>\$ 100,359</u> |

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

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

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

#### XVI. Goodwill

|  | January 1 to June<br>30, 2021 | January 1 to June<br>30, 2020 |
|--|-------------------------------|-------------------------------|
| <u>Cost</u>  |                               |                               |
| Balance at January 1                               | \$ 204,735                    | \$ 220,774                    |
| Effect of foreign currency<br>exchange differences | ( <u>3,932</u> )              | ( <u>2,904</u> )              |
| Balance at June 30                                 | <u>\$ 200,803</u>             | <u>\$ 217,870</u>             |

## XVII. Other Assets

|   | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---|----------------------|------------------------------|----------------------|
| <u>Current</u>  |                      |                              |                      |
| Tax overpayment for offset<br>with future tax payable | \$ 300,756           | \$ 458,446                   | \$ 234,277           |
| Prepayments   | 108,524              | 71,750                       | 39,797               |
| Prepaid expenses                                      | 55,551               | 35,442                       | 36,397               |
| Others  | <u>44,703</u>        | <u>109,252</u>               | <u>35,977</u>        |
|   | <u>\$ 509,534</u>    | <u>\$ 674,890</u>            | <u>\$ 346,448</u>    |
| <u>Non-current</u>                                    |                      |                              |                      |
| Refundable deposits                                   | \$ 37,122            | \$ 23,467                    | \$ 23,997            |
| Others  | <u>29,437</u>        | <u>26,133</u>                | <u>20,453</u>        |
|   | <u>\$ 66,559</u>     | <u>\$ 49,600</u>             | <u>\$ 44,450</u>     |

## XVII. Borrowings

### (I) Short-term borrowings

|   | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---|----------------------|------------------------------|----------------------|
| Line of credit borrowings                 | <u>\$ 5,243,755</u>  | <u>\$ 3,981,840</u>          | <u>\$ 5,681,548</u>  |
| <u>Rate of interest per annum<br/>(%)</u> |                      |                              |                      |
| Line of credit borrowings                 | 0.74-2.00            | 0.75-2.95                    | 0.75-2.95            |

### (II) Long-term borrowings

|   | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---|----------------------|------------------------------|----------------------|
| Line of mortgage<br>borrowings– from June<br>2022 to May 2024     | \$ 996,235           | \$ 1,377,951                 | \$ 1,749,592         |
| Line of credit borrowings<br>– from July 2021 to<br>December 2023 | <u>4,535,685</u>     | <u>5,657,928</u>             | <u>3,445,568</u>     |
|   | 5,531,920            | 7,035,879                    | 5,195,160            |
| Less: Current portion   | ( <u>1,619,740</u> ) | ( <u>1,182,322</u> )         | ( <u>1,362,285</u> ) |
| Long-term borrowings  | <u>\$ 3,912,180</u>  | <u>\$ 5,853,557</u>          | <u>\$ 3,832,875</u>  |
| <u>Rate of interest per annum<br/>(%)</u>                         |                      |                              |                      |
| Line of mortgage loans  | 1.79-2.39            | 1.79-2.39                    | 1.09-3.20            |
| Line of credit borrowings   | 0.74-1.69            | 0.74-1.75                    | 0.79-2.51            |

Mortgage loans are secured by the mortgage of assets of the Group; please refer to Note 29.

The Corporation signed a syndicated loan of NT\$1.3 billion from financial institutions including Bank of Taiwan in December 2016, for the purpose of repaying loans from financial institutions and enriching the medium-term working capital. According to the provisions of the loan contract, the Corporation shall achieve the following in the annual consolidated financial statements during the loan period:

1. The current ratio [current assets ÷ current liabilities] shall not be less than 100%;
2. The debt ratio [total liabilities ÷ net tangible assets] shall not be higher than 150% for 2021; for 2020, the [(total liabilities minus contract liabilities) ÷ net tangible assets] shall not be higher than 150%;
3. Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 4 times and;
4. Tangible net assets [total equity minus intangible assets] not less than \$5 billion.

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

In order to repay the loans, support overseas investment and provide sufficient operation funds, Paiho Shih Holdings Corporation obtained a syndicated loan with a credit line of US\$150 million from KGI Commercial Bank and multiple financial institutions in October 2018. According to the loan contract, Paiho Shih Holdings Corporation is required to maintain its financial ratios as follows:

1. Current ratio [current assets ÷ current liabilities minus advance real estate receipts (classified as contract liabilities - current)] not less than 100%;
2. Debt ratio [total liabilities minus advance real estate receipts (classified as contract liabilities - current) ÷ net tangible assets] not higher than 180%;
3. Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 3 times and;
4. Tangible net assets [total equity minus intangible assets] not less than \$3.5 billion.

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

## XIX. Other Payables

|  | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|--|---------------------|----------------------|---------------------|
| Payables for dividends   | \$ 1,046,437        | \$ -                 | \$ 985,419          |
| Payables for salaries and bonuses                                    | 646,001             | 868,365              | 617,646             |
| Payables for purchases of building and equipment                     | 61,480              | 89,258               | 209,504             |
| Payables for compensation of employees and remuneration of directors | 83,541              | 85,208               | 57,555              |
| Tax payable  | 14,458              | -                    | 15,641              |
| Others   | 446,445             | 532,767              | 401,577             |
|  | <u>\$ 2,298,362</u> | <u>\$ 1,575,598</u>  | <u>\$ 2,287,342</u> |

## XX. Retirement Benefit Plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020 are based on the pension cost rates under actuarial decision on December 31, 2020 and 2019. The amounts are NT\$4,469 thousand, NT\$4,613 thousand, NT\$8,940 thousand and NT\$9,225 thousand, respectively.

## XXI. Maturity Analysis of Assets and Liabilities

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

|                          | Within 1 Year       | After 1 Year        | Total               |
|--------------------------|---------------------|---------------------|---------------------|
| <u>June 30, 2021</u>     |                     |                     |                     |
| Asset                    |                     |                     |                     |
| Trade receivables        | \$ 2,994            | \$ -                | \$ 2,994            |
| Other receivables        | 6,129               | -                   | 6,129               |
| Inventory – constructing | 1,127,321           | 1,251,813           | 2,379,134           |
| Other current assets     | 80,802              | -                   | 80,802              |
|                          | <u>\$ 1,217,246</u> | <u>\$ 1,251,813</u> | <u>\$ 2,469,059</u> |
| Liabilities              |                     |                     |                     |
| Trade payables           | \$ 596,863          | \$ -                | \$ 596,863          |
| Other payables           | 67,409              | -                   | 67,409              |
| Contract liabilities     | 377,216             | -                   | 377,216             |
|                          | <u>\$ 1,041,488</u> | <u>\$ -</u>         | <u>\$ 1,041,488</u> |

|                          | Within 1 Year       | After 1 Year      | Total               |
|--------------------------|---------------------|-------------------|---------------------|
| <u>December 31, 2020</u> |                     |                   |                     |
| Asset                    |                     |                   |                     |
| Other receivables        | \$ 7,103            | \$ -              | \$ 7,103            |
| Inventory – constructing | 2,252,222           | 882,354           | 3,134,576           |
| Other current assets     | <u>183,234</u>      | <u>-</u>          | <u>183,234</u>      |
|                          | <u>\$ 2,442,559</u> | <u>\$ 882,354</u> | <u>\$ 3,324,913</u> |
| Liabilities              |                     |                   |                     |
| Trade payables           | \$ 112,180          | \$ -              | \$ 112,180          |
| Other payables           | 89,267              | -                 | 89,267              |
| Contract liabilities     | <u>3,238,327</u>    | <u>-</u>          | <u>3,238,327</u>    |
|                          | <u>\$ 3,439,774</u> | <u>\$ -</u>       | <u>\$ 3,439,774</u> |
| <u>June 30, 2020</u>     |                     |                   |                     |
| Asset                    |                     |                   |                     |
| Trade receivables        | \$ 1,173            | \$ -              | \$ 1,173            |
| Other receivables        | 1,969               | -                 | 1,969               |
| Inventory – constructing | 1,648,291           | 599,473           | 2,247,764           |
| Other current assets     | <u>83,794</u>       | <u>-</u>          | <u>83,794</u>       |
|                          | <u>\$ 1,735,227</u> | <u>\$ 599,473</u> | <u>\$ 2,334,700</u> |
| Liabilities              |                     |                   |                     |
| Trade payables           | \$ 173,253          | \$ -              | \$ 173,253          |
| Other payables           | 42,016              | -                 | 42,016              |
| Contract liabilities     | <u>97,610</u>       | <u>-</u>          | <u>97,610</u>       |
|                          | <u>\$ 312,879</u>   | <u>\$ -</u>       | <u>\$ 312,879</u>   |

## XXII. Equity

### (I) Common stock

|  | June 30, 2021       | December 31,<br>2020 | June 30, 2020       |
|--|---------------------|----------------------|---------------------|
| Number of shares<br>authorized (thousand<br>shares)            | <u>380,000</u>      | <u>380,000</u>       | <u>380,000</u>      |
| Shares authorized  | <u>\$ 3,800,000</u> | <u>\$ 3,800,000</u>  | <u>\$ 3,800,000</u> |
| Number of shares issued<br>and fully paid (thousand<br>shares) | <u>297,964</u>      | <u>297,964</u>       | <u>297,964</u>      |
| Shares issued  | <u>\$ 2,979,639</u> | <u>\$ 2,979,639</u>  | <u>\$ 2,979,639</u> |

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



## (II) Capital surplus

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

## (III) Retained earnings and dividend policy

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

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

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

the rest shall be paid in stocks.

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

The appropriations of earnings for 2020 and 2019, respectively, were as follows:

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

The above-mentioned cash dividends were distributed on March 24, 2021 and March 19, 2020, respectively under board resolutions, and the remaining earnings distribution items for 2019 were also resolved at the general shareholders' meeting on June 10, 2020. In response to the "Measures for Postponing Shareholders' Meetings of Public Offering Companies in Response to the Pandemic" announced by the FSC, the Corporation stopped convening the original shareholders' meeting and held it on July 8, 2021 instead. However, the 2020 earnings distribution proposal reached the statutory resolution threshold through electronic voting, and the Corporation has already made an adjustment in the account.

#### (IV) Special reserve

The special reserve allocated for the conversion difference of the financial statements of foreign operating agencies (including subsidiaries) has been reversed based on the disposal ratio and due to the liquidation of the subsidiaries. When distributing the earnings, the difference between the net deduction of other shareholders' equity and the special reserve stated in the first application of IFRSs should be added to the special reserve at the end of the reporting period. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve may be reverted for distribution of earnings.

### XXIII. Sales and Cost

|  | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 | January 1 to<br>June 30,<br>2020 |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Revenue from contracts<br>with customers |                                |                                |                                  |                                  |
| Revenue from sale<br>of goods            | \$ 3,770,509                   | \$ 2,507,046                   | \$ 7,566,025                     | \$ 5,953,588                     |
| Revenue from sale<br>of real estate      | <u>2,238,413</u>               | <u>488,889</u>                 | <u>3,115,268</u>                 | <u>1,639,744</u>                 |
|  | <u>\$ 6,008,922</u>            | <u>\$ 2,995,935</u>            | <u>\$10,681,293</u>              | <u>\$ 7,593,332</u>              |
| Operating cost                           |                                |                                |                                  |                                  |
| Cost of goods sold                       | \$ 2,331,929                   | \$ 1,665,969                   | \$ 4,547,547                     | \$ 3,801,590                     |
| Cost of real estate<br>sold              | <u>1,352,097</u>               | <u>301,161</u>                 | <u>1,904,102</u>                 | <u>988,765</u>                   |
|  | <u>\$ 3,684,026</u>            | <u>\$ 1,967,130</u>            | <u>\$ 6,451,649</u>              | <u>\$ 4,790,355</u>              |

### Contract balances

|                                | June 30, 2021     | December 31,<br>2020 | June 30, 2020    |
|--------------------------------|-------------------|----------------------|------------------|
| Contract liabilities – current |                   |                      |                  |
| Sales of real estate           | <u>\$ 377,216</u> | <u>\$ 3,238,327</u>  | <u>\$ 97,610</u> |

### XXIV. Net Profit from Continuing Operations

#### (I) Interest expense

|                                  | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 | January 1 to<br>June 30,<br>2020 |
|----------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Interest on bank<br>borrowings   | \$ 32,179                      | \$ 49,746                      | \$ 66,967                        | \$ 113,178                       |
| Interest on lease<br>liabilities | <u>1,253</u>                   | <u>1,489</u>                   | <u>2,584</u>                     | <u>3,165</u>                     |
|                                  | <u>\$ 33,432</u>               | <u>\$ 51,235</u>               | <u>\$ 69,551</u>                 | <u>\$ 116,343</u>                |

#### Information about capitalized interest:

|                                | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 | January 1 to<br>June 30,<br>2020 |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Capitalized interest<br>amount | \$ 5,098                       | \$ 11,451                      | \$ 10,387                        | \$ 25,763                        |
| Capitalization rates (%)       | 1.79-2.22                      | 1.79-2.78                      | 1.79-2.22                        | 1.79-3.42                        |

(II) Employee benefit expenses, depreciation and amortization expenses

| By Nature                          | Attributable to<br>Operating<br>Costs | Attributable to<br>Operating<br>Expenses and<br>Non-<br>Operating<br>Expenses | Total        |
|------------------------------------|---------------------------------------|---|--------------|
| <u>April 1 to June 30, 2021</u>    |                                       |   |              |
| Short-term employee benefits       | \$ 509,110                            | \$ 438,449  | \$ 947,559   |
| Post-employment benefits           |                                       |   |              |
| Defined contribution plans         | 30,369                                | 16,095  | 46,464       |
| Defined benefit plans<br>(Note 20) | 332                                   | 4,137   | 4,469        |
| Other employee benefits            | 39,367                                | 15,470  | 54,837       |
| Depreciation expenses              | 259,650                               | 58,937  | 318,587      |
| Amortization expenses              | 31                                    | 153   | 184          |
| <u>April 1 to June 30, 2020</u>    |                                       |   |              |
| Short-term employee benefits       | 407,613                               | 320,613   | 728,226      |
| Post-employment benefits           |                                       |   |              |
| Defined contribution plans         | 20,339                                | 10,034  | 30,373       |
| Defined benefit plans<br>(Note 20) | 412                                   | 4,201   | 4,613        |
| Other employee benefits            | 30,191                                | 17,438  | 47,629       |
| Depreciation expenses              | 251,808                               | 68,293  | 320,101      |
| Amortization expenses              | -                                     | 996   | 996          |
| <u>January 1 to June 30, 2021</u>  |                                       |   |              |
| Short-term employee benefits       | \$ 962,716                            | \$ 858,500  | \$ 1,821,216 |
| Post-employment benefits           |                                       |   |              |
| Defined contribution plans         | 59,772                                | 31,431  | 91,203       |
| Defined benefit plans<br>(Note 20) | 651                                   | 8,289   | 8,940        |
| Other employee benefits            | 74,622                                | 32,066  | 106,688      |
| Depreciation expenses              | 513,587                               | 121,567   | 635,154      |
| Amortization expenses              | 31                                    | 283   | 314          |
| <u>January 1 to June 30, 2020</u>  |                                       |   |              |
| Short-term employee benefits       | 919,067                               | 717,321   | 1,636,388    |
| Post-employment benefits           |                                       |   |              |
| Defined contribution plans         | 46,093                                | 20,688  | 66,781       |
| Defined benefit plans<br>(Note 20) | 859                                   | 8,366   | 9,225        |
| Other employee benefits            | 66,379                                | 33,518  | 99,897       |
| Depreciation expenses              | 498,220                               | 137,094   | 635,314      |
| Amortization expenses              | -                                     | 1,638   | 1,638        |

(III) Employees' compensation and remuneration of directors

In accordance with the provisions of the Articles of Incorporation, the Corporation provides employees and directors with no less than 1% and no more than 2% of the pre-tax gain before deduction of the remuneration of employees and directors in the current year. The remuneration of employees and directors estimated from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020 are as follows:

|                           | April 1 to June 30, 2021   |           | April 1 to June 30, 2020   |           |
|---------------------------|----------------------------|-----------|----------------------------|-----------|
|                           | Accrual Rate               | Amount    | Accrual Rate               | Amount    |
| Employees' compensation   | 1.00%                      | \$ 8,550  | 2.33%                      | \$ 6,692  |
| Remuneration of directors | 0.61%                      | 5,277     | 1.50%                      | 4,313     |
|                           | January 1 to June 30, 2021 |           | January 1 to June 30, 2020 |           |
|                           | Accrual Rate               | Amount    | Accrual Rate               | Amount    |
| Employees' compensation   | 1.00%                      | \$ 16,308 | 1.40%                      | \$ 13,383 |
| Remuneration of directors | 0.59%                      | 9,674     | 0.91%                      | 8,627     |

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

The Corporation held its board meetings on March 24, 2021 and March 19, 2020. The actual amount of remuneration of employees and directors was different from the amount recognized in the annual consolidated financial report, and the differences were adjusted to the profit and loss for 2021 and 2020, respectively.

|  | 2020                    |                           | 2019                    |                           |
|--|-------------------------|---------------------------|-------------------------|---------------------------|
|  | Employees' Compensation | Remuneration of Directors | Employees' Compensation | Remuneration of Directors |
| Amounts resolved in the board of directors' meetings | <u>\$ 27,288</u>        | <u>\$ 17,589</u>          | <u>\$ 26,767</u>        | <u>\$ 17,254</u>          |
| Amounts recognized in the financial statements       | <u>\$ 27,367</u>        | <u>\$ 17,654</u>          | <u>\$ 27,110</u>        | <u>\$ 17,475</u>          |

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the TWSE.

(IV) Gains or losses on foreign currency exchange

|                         | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 | January 1 to<br>June 30,<br>2020 |
|-------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Foreign exchange gains  | \$ 40,812                      | \$ 44,713                      | \$ 67,454                        | \$ 82,145                        |
| Foreign exchange losses | ( 87,390)                      | ( 44,456)                      | ( 116,026)                       | ( 92,211)                        |
| Gains (losses)          | ( \$ 46,578)                   | \$ 257                         | ( \$ 48,572)                     | ( \$ 10,066)                     |

XXV. Income Taxes Related to Continuing Operations

(I) Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

|   | April 1 to June<br>30, 2021 | April 1 to June<br>30, 2020 | January 1 to<br>June 30, 2021 | January 1 to<br>June 30, 2020 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Current tax   |                             |                             |                               |                               |
| In respect of the<br>current period                   | \$ 326,187                  | \$ 121,678                  | \$ 539,730                    | \$ 362,254                    |
| Income tax on<br>unappropriated<br>earnings           | ( 8,381)                    | ( 3,147)                    | 9,586                         | 9,269                         |
| Adjustments for prior<br>years                        | ( 37,123)                   | ( 8,126)                    | ( 67,572)                     | ( 3,962)                      |
| Land value increment<br>tax                           | <u>129,251</u>              | <u>9,973</u>                | <u>175,790</u>                | <u>33,409</u>                 |
|   | 409,934                     | 120,378                     | 657,534                       | 400,970                       |
| Deferred tax  |                             |                             |                               |                               |
| In respect of the<br>current period                   | 162,564                     | 30,500                      | 331,967                       | 121,747                       |
| Tax rate changes                                      | <u>-</u>                    | <u>-</u>                    | <u>-</u>                      | <u>1,252</u>                  |
| Income tax expense<br>recognized in profit or<br>loss | <u>\$ 572,498</u>           | <u>\$ 150,878</u>           | <u>\$ 989,501</u>             | <u>\$ 523,969</u>             |

(II) Income tax recognized in other comprehensive income

|  | April 1 to June<br>30, 2021 | April 1 to June<br>30, 2020 | January 1 to<br>June 30, 2021 | January 1 to<br>June 30, 2020 |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <u>Deferred tax</u>  |                             |                             |                               |                               |
| In respect of the current<br>period  |                             |                             |                               |                               |
| Difference from<br>conversion of<br>financial<br>statements of<br>foreign operations | ( \$ 27,062)                | ( \$ 32,128)                | ( \$ 33,054)                  | ( \$ 37,029)                  |

(III) Income tax verification

The Corporation's tax filing as of the end of 2018 and Spring Rich Limited's tax filing as of the end of 2019 have been verified by the tax collection agency.

XXVI. Earnings per Share

|  | Net Profit<br>Attributable to<br>Owners of the<br>Corporation<br>(Numerator) | Number of<br>Shares<br>(Denominator)<br>(Thousand<br>Shares) | Earnings per<br>Share (NT\$) |
|--|--|--|------------------------------|
| <u>April 1 to June 30, 2021</u>  |  |  |                              |
| Basic earnings per share   |  |  |                              |
| Profit attributable to<br>owners of the<br>Corporation   | \$ 686,457   | 297,964  | <u>\$ 2.30</u>               |
| Effect of potentially dilutive<br>ordinary shares:   |  |  |                              |
| Employees' compensation  | <u>-</u>   | <u>160</u>   |                              |
| Diluted earnings per share   |  |  |                              |
| Profit for the year<br>attributable to owners of<br>the Corporation plus<br>effect of potentially<br>dilutive common stock | <u>\$ 686,457</u>  | <u>298,124</u>   | <u>\$ 2.30</u>               |
| <u>April 1 to June 30, 2020</u>  |  |  |                              |
| Basic earnings per share   |  |  |                              |
| Profit attributable to<br>owners of the<br>Corporation   | \$ 244,446   | 297,964  | <u>\$ 0.82</u>               |
| Effect of potentially dilutive<br>ordinary shares:   |  |  |                              |
| Employees' compensation  | <u>-</u>   | <u>207</u>   |                              |
| Diluted earnings per share   |  |  |                              |
| Profit for the year<br>attributable to owners of<br>the Corporation plus<br>effect of potentially<br>dilutive common stock | <u>\$ 244,446</u>  | <u>298,171</u>   | <u>\$ 0.82</u>               |

|  | Net Profit<br>Attributable to<br>Owners of the<br>Corporation<br>(Numerator) | Number of<br>Shares<br>(Denominator)<br>(Thousand<br>Shares) | Earnings per<br>Share (NT\$) |
|--|--|--|------------------------------|
| <u>January 1 to June 30, 2021</u>  |  |  |                              |
| Basic earnings per share   |  |  |                              |
| Profit attributable to<br>owners of the<br>Corporation   | \$ 1,268,571   | 297,964  | <u>\$ 4.26</u>               |
| Effect of potentially dilutive<br>ordinary shares:   |  |  |                              |
| Employees' compensation  | <u>-</u>   | <u>314</u>   |                              |
| Diluted earnings per share   |  |  |                              |
| Profit for the year<br>attributable to owners of<br>the Corporation plus<br>effect of potentially<br>dilutive common stock | <u>\$ 1,268,571</u>  | <u>298,278</u>   | <u>\$ 4.25</u>               |
| <u>January 1 to June 30, 2020</u>  |  |  |                              |
| Basic earnings per share   |  |  |                              |
| Profit attributable to<br>owners of the<br>Corporation   | \$ 778,572   | 297,964  | <u>\$ 2.61</u>               |
| Effect of potentially dilutive<br>ordinary shares:   |  |  |                              |
| Employees' compensation  | <u>-</u>   | <u>434</u>   |                              |
| Diluted earnings per share   |  |  |                              |
| Profit for the year<br>attributable to owners of<br>the Corporation plus<br>effect of potentially<br>dilutive common stock | <u>\$ 778,572</u>  | <u>298,398</u>   | <u>\$ 2.61</u>               |

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



## XXVII. Financial Instruments

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

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

### (II) Fair value information – financial instruments measured at fair value on a repetitive basis

#### 1. Fair value hierarchy

| <u>June 30, 2021</u>                | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-------------------------------------|----------------|----------------|----------------|
| <u>Mandatorily classified as at</u> |                |                |                |
| <u>FVTPL</u>                        |                |                |                |
| Structured deposits                 | \$ -           | \$ 501,225     | \$ -           |
| <u>Financial assets at FVTOCI</u>   |                |                |                |
| Investments in equity instruments   |                |                |                |
| –Foreign unlisted shares            | \$ -           | \$ -           | \$ -           |
| <u>December 31, 2020</u>            |                |                |                |
| <u>Mandatorily classified as at</u> |                |                |                |
| <u>FVTPL</u>                        |                |                |                |
| Structured deposits                 | \$ -           | \$ 644,182     | \$ -           |
| <u>Financial assets at FVTOCI</u>   |                |                |                |
| Investments in equity instruments   |                |                |                |
| –Foreign unlisted shares            | \$ -           | \$ -           | \$ -           |
| <u>June 30, 2020</u>                |                |                |                |
| <u>Mandatorily classified as at</u> |                |                |                |
| <u>FVTPL</u>                        |                |                |                |
| Financial management products       | \$ -           | \$ 42,732      | \$ -           |
| <u>Financial assets at FVTOCI</u>   |                |                |                |
| Investments in equity instruments   |                |                |                |
| –Foreign unlisted shares            | \$ -           | \$ -           | \$ 30,040      |

From January 1 to June 30, 2021, there was no transfer of fair value measurement between level 1 and level 2.

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

Financial assets at fair value through other comprehensive income – equity instruments

|                                      | January 1 to June<br>30, 2020 |
|--------------------------------------|-------------------------------|
| Balance at the beginning of period   | \$ 30,395                     |
| Foreign currency exchange difference | ( 355)                        |
| Balance at the end of the period     | <u>\$ 30,040</u>              |

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

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

(III) Types of financial instruments

|  | June 30, 2021 | December 31,<br>2020 | June 30, 2020 |
|--|---------------|----------------------|---------------|
| <u>Financial assets</u>                                      |               |                      |               |
| Mandatorily classified as at FVTPL                           | \$ 501,225    | \$ 644,182           | \$ 42,732     |
| Financial liabilities at amortized cost (Note 1)             | 9,757,781     | 9,891,518            | 7,195,449     |
| Financial assets at FVTOCI–Investments in equity instruments | -             | -                    | 30,040        |
| <u>Financial Liabilities</u>                                 |               |                      |               |
| Financial liabilities at amortized cost (Note 2)             | 14,294,274    | 13,298,013           | 13,772,066    |

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

Note 2: The balance includes financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings and guarantee deposits received.

(IV) Financial risk management objectives and policies

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

1. Market risk

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

(1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

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

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

reduced when the New Taiwan dollar appreciates by 1% relative to the relevant currency; when the New Taiwan dollar depreciates by 1% relative to the relevant currency, its impact on profit before tax will be a negative number of the same amount.

| Currency | Impact on Profit and Loss  |                            |
|----------|----------------------------|----------------------------|
|          | January 1 to June 30, 2021 | January 1 to June 30, 2020 |
| USD      | \$ 9,243                   | \$ 8,768                   |
| RMB      | 1,377                      | 635                        |
| VND      | 528                        | 956                        |
| HKD      | 253                        | 355                        |

The Group's exposure was mainly attributable to the outstanding receivables and payables in USD, RMB, VND and HKD, which were not hedged at the end of the reporting period.

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

## (2) Interest rate risk

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

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

|  | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|---------------|-------------------|---------------|
| Fair value interest rate risk                    |               |                   |               |
| Short-term borrowings                            | \$1,873,000   | \$1,039,856       | \$1,740,758   |
| Lease liabilities                                | 128,263       | 141,042           | 148,778       |
| Cash flow interest rate risk                     |               |                   |               |
| Short-term borrowings                            | 3,370,755     | 2,941,984         | 3,940,790     |
| Long-term borrowings (Including current portion) | 5,531,920     | 7,035,879         | 5,195,160     |

### Sensitivity analysis

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

If the interest rate changes but all other variables remain unchanged, the Group's profit before tax from January 1 to June 30, 2021 and 2020 will change by NT\$11,128 thousand and NT\$11,420 thousand, respectively.

## 2. Credit risk

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

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

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

## 3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank borrowings are an important source of liquidity for the Group. As of June 30, 2021, December 31, and June 30, 2020, the Group had available unutilized bank loan facilities of NT\$7,809,685 thousand, NT\$8,320,740 thousand and NT\$8,538,630 thousand, respectively.

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

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

|                          | Within 3 Months     | 3 Months to 1<br>Year | More than 1<br>Year |
|--------------------------|---------------------|-----------------------|---------------------|
| <u>June 30, 2021</u>     |                     |                       |                     |
| No interest-bearing      | \$ 2,903,161        | \$ 597,835            | \$ 17,603           |
| Lease liabilities        | 8,147               | 23,760                | 126,829             |
| Short-term borrowings    | 2,304,830           | 2,938,925             | -                   |
| Long-term borrowings     | <u>228,452</u>      | <u>1,391,288</u>      | <u>3,912,180</u>    |
|                          | <u>\$ 5,444,590</u> | <u>\$ 4,951,808</u>   | <u>\$ 4,056,612</u> |
| <u>December 31, 2020</u> |                     |                       |                     |
| No interest-bearing      | \$ 1,836,871        | \$ 426,340            | \$ 17,083           |
| Lease liabilities        | 8,004               | 24,400                | 128,919             |
| Short-term borrowings    | 1,751,856           | 2,229,984             | -                   |
| Long-term borrowings     | <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>June 30, 2020</u>     |                     |                       |                     |
| No interest-bearing      | \$ 2,154,103        | \$ 721,851            | \$ 19,404           |
| Lease liabilities        | 7,895               | 33,131                | 135,018             |
| Short-term borrowings    | 2,672,622           | 3,008,926             | -                   |
| Long-term borrowings     | <u>174,440</u>      | <u>1,187,845</u>      | <u>3,832,875</u>    |
|                          | <u>\$ 5,009,060</u> | <u>\$ 4,951,753</u>   | <u>\$ 3,987,297</u> |

Additional information about the maturity analysis for lease liabilities:

|                          | Less than 1<br>Year | 1 to 5<br>Years  | 5 to 10<br>Years | 10 to 15<br>Years | 15 to 20<br>Years | More than<br>20 Years |
|--------------------------|---------------------|------------------|------------------|-------------------|-------------------|-----------------------|
| <u>June 30, 2021</u>     |                     |                  |                  |                   |                   |                       |
| Lease liabilities        | <u>\$ 31,907</u>    | <u>\$ 87,965</u> | <u>\$ 19,184</u> | <u>\$ 4,800</u>   | <u>\$ 4,800</u>   | <u>\$ 10,080</u>      |
| <u>December 31, 2020</u> |                     |                  |                  |                   |                   |                       |
| Lease 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>June 30, 2020</u>     |                     |                  |                  |                   |                   |                       |
| Lease liabilities        | <u>\$ 41,026</u>    | <u>\$ 86,313</u> | <u>\$ 28,065</u> | <u>\$ 4,800</u>   | <u>\$ 4,800</u>   | <u>\$ 11,040</u>      |

XXVIII. Transactions with Related Parties

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

(I) Name of related party and relationship

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

(II) Sales of goods

The sales of goods to related parties were made at the market price. The credit period of sales of goods was about 3 months. Others refer to sale of construction assets - Paiho International Mansion at subscription price, which was approved in the local filing. As of June 30, 2021, December 31, 2020 and June 30, 2020, advance receipts from sales of real estate were \$0, \$0 and \$6,962 thousand (classified as contract liabilities - current).

(III) Lease agreements

| <u>Accounting Item<br/>Posted</u> | <u>Category/Name of<br/>Related Party</u> | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|-----------------------------------|---|----------------------|------------------------------|----------------------|
| Lease liabilities                 | Other related parties                     | <u>\$ 22,919</u>     | <u>\$ 23,206</u>             | <u>\$ 23,491</u>     |

| Category/Name of<br>Related Party  | April 1 to<br>June 30,<br>2021 | April 1 to<br>June 30,<br>2020 | January 1 to<br>June 30,<br>2021 | January 1 to<br>June 30,<br>2020 |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <u>Interest expense</u>  |                                |                                |                                  |                                  |
| Other related parties  | <u>\$ 99</u>                   | <u>\$ 98</u>                   | <u>\$ 193</u>                    | <u>\$ 198</u>                    |
| <u>Lease expenses</u><br><u>(included in cost</u><br><u>of goods sold and</u><br><u>operating</u><br><u>expense)</u> |                                |                                |                                  |                                  |
| Other related parties  | <u>\$ 499</u>                  | <u>\$ 392</u>                  | <u>\$ 999</u>                    | <u>\$ 602</u>                    |

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

(IV) Compensation of key management personnel

|                                 | April 1 to<br>June 30, 2021 | April 1 to<br>June 30, 2020 | January 1 to<br>June 30, 2021 | January 1 to<br>June 30, 2020 |
|---------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short-term employee<br>benefits | \$ 36,765                   | \$ 26,479                   | \$ 77,614                     | \$ 61,870                     |
| Post-employment<br>benefits     | <u>161</u>                  | <u>86</u>                   | <u>230</u>                    | <u>203</u>                    |
|                                 | <u>\$ 36,926</u>            | <u>\$ 26,565</u>            | <u>\$ 77,844</u>              | <u>\$ 62,073</u>              |

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

XXIX. Assets Pledged as Collateral or for Security

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

|                                       | June 30, 2021     | December 31,<br>2020 | June 30, 2020       |
|---------------------------------------|-------------------|----------------------|---------------------|
| Financial assets at amortized<br>cost | \$ 16,113         | \$ 16,236            | \$ 155,123          |
| Property, plant and equipment         | <u>602,979</u>    | <u>841,768</u>       | <u>878,896</u>      |
|                                       | <u>\$ 619,092</u> | <u>\$ 858,004</u>    | <u>\$ 1,034,019</u> |



XXX. Significant Matters after the Reporting Period

Vietnam Paiho Limited, which was invested by the Corporation, temporarily suspended its operation from July 15 to July 17, 2021 in accordance with the anti-epidemic policy of the local Vietnamese government in order to carry out a comprehensive screening of all employees and a comprehensive disinfection of the plant, and to strengthen epidemic prevention measures. After been compliant with the local government's conditions for operation resumption, it has gradually resumed its operation after July 17. Vietnam Paihong Limited Company and PT. Paiho Indonesia have met the requirements of the local governments in their epidemic prevention measures, and continue to operate in compliance with the regulations.

XXXI. Significant Contingent Liabilities and Unrecognized Commitments

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

(I) Group's unrecognized commitments

|   | <u>June 30, 2021</u> | <u>December 31,<br/>2020</u> | <u>June 30, 2020</u> |
|---|----------------------|------------------------------|----------------------|
| Acquisition of property,<br>plant and equipment | <u>\$ 510,135</u>    | <u>\$ 537,454</u>            | <u>\$ 454,175</u>    |

(II) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had signed construction contracts but not yet paid for approximately \$925,170 thousand, \$1,323,104 thousand and \$1,443,822 thousand, respectively.

(III) As of June 30, 2021, the Group had signed contracts of presold real estate. Information is set out below.

| <u>Construction Name</u>    | <u>Total Amount<br/>(Including Tax)</u> | <u>Received Amount</u> |
|-----------------------------|---|------------------------|
| Paiho International Mansion | <u>\$ 919,937</u>                       | <u>\$ 377,216</u>      |

(IV) The Corporation signed a 10-year technology sales contract with a non-related party in July 2008, and the Corporation obtained the expertise in the production of injection molded Velcro. According to the contract, the Corporation is required to pay a premium of US\$281 thousand each year, and an additional premium will be paid according to a certain percentage of the sales volume at the end of each year. The contract will be extended for another 10 years after the expiration in 2018.

- (V) The Shareholders' Meeting of the Corporation resolved in a special session dated September 2, 2010 for entering into the "Comprehensive Agreement on the Use of Trademarks and Patents, Sale Region Partitioning, and Related-Party Transactions" between the Corporation and Paiho Shih Holdings Corporation. Paiho Shih Holdings Corporation promised to purchase the equity shares issued by Paiho Europe, S.A. and the Paiho North America Corporation at fair value after listing at TWSE for trading or through its subsidiaries at the right time under the appraisal of professional institutions. In supporting the application of Paiho Shih Holdings Corporation for listing at TWSE, the Shareholders' Meeting of the Corporation resolved in regular session dated April 21, 2011 to amend the content of the above agreement in the aspects of the partition of sale regions and restriction of competition between the contracting parties. Affected by the poor operation environment, the Corporation has shut down its operation in Paiho Europe, S.A. As a result, Paiho Shih Holdings Corporation wrote to TWSE on February 27, 2014 informing that the subject company of the previous undertaking of "incorporating Paiho Europe, S.A. to the operation system" is no longer in existence and the aforementioned undertaking cannot be accomplished.
- (VI) Subsidiaries of the Group, which are property developers in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons). The amount of mortgage loans was remitted to the subsidiaries of the Group as payment for the property sold. If a customer breached a mortgage contract, the subsidiaries of the Group will return to the banks only the amount of mortgage received. Therefore, the Group is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by the subsidiaries of the Group to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

### XXXII. Significant Assets and Liabilities Denominated in Foreign Currencies

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

| Financial Assets      | June 30, 2021    |               |                   | December 31, 2020 |               |                   |
|-----------------------|------------------|---------------|-------------------|-------------------|---------------|-------------------|
|                       | Foreign Currency | Exchange Rate | New Taiwan Dollar | Foreign Currency  | Exchange Rate | New Taiwan Dollar |
| <u>Monetary Items</u> |                  |               |                   |                   |               |                   |
| USD                   | \$ 33,817        | 27.86         | \$ 942,142        | \$ 35,681         | 28.48         | \$ 1,016,195      |
| VND                   | 179,615,262      | 0.00120       | 214,640           | 186,368,069       | 0.00111       | 206,869           |
| RMB                   | 31,959           | 4.309         | 137,711           | 9,476             | 4.377         | 41,476            |
| HKD                   | 9,301            | 3.587         | 33,363            | 10,733            | 3.673         | 39,422            |
| Financial Liabilities |                  |               |                   |                   |               |                   |
| <u>Monetary Items</u> |                  |               |                   |                   |               |                   |
| USD                   | 639              | 27.86         | 17,803            | 679               | 28.48         | 19,338            |
| VND                   | 135,438,669      | 0.00120       | 161,849           | 116,549,314       | 0.00111       | 129,370           |
| HKD                   | 2,247            | 3.587         | 8,060             | 1,491             | 3.673         | 5,476             |

| Financial Assets      | June 30, 2020    |               |                   |
|-----------------------|------------------|---------------|-------------------|
|                       | Foreign Currency | Exchange Rate | New Taiwan Dollar |
| <u>Monetary Items</u> |                  |               |                   |
| USD                   | \$ 30,231        | 29.63         | \$ 895,745        |
| RMB                   | 15,159           | 4.191         | 63,531            |
| VND                   | 82,297,858       | 0.00128       | 105,513           |
| HKD                   | 9,787            | 3.823         | 37,416            |
| Financial Liabilities |                  |               |                   |
| <u>Monetary Items</u> |                  |               |                   |
| USD                   | 639              | 29.63         | 18,934            |
| VND                   | 7,736,341        | 0.00128       | 9,919             |
| HKD                   | 496              | 3.823         | 1,896             |

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

| Foreign Currencies | April 1 to June 30, 2021 |                                    | April 1 to June 30, 2020 |                                    |
|--------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|
|                    | Exchange Rate            | Net Foreign Exchange Gain and Loss | Exchange Rate            | Net Foreign Exchange Gain and Loss |
| NTD                | 1.000                    | (\$ 23,574)                        | 1.000                    | (\$ 12,087)                        |
| USD                | 27.977                   | ( 11,623)                          | 29.895                   | 15,657                             |
| RMB                | 4.331                    | ( 9,306)                           | 4.212                    | ( 2,001)                           |
| HKD                | 3.602                    | ( 2,075)                           | 3.856                    | ( 1,312)                           |
|                    |                          | (\$ 46,578)                        |                          | \$ 257                             |

| Foreign Currencies | January 1 to June 30, 2021 |                                    | January 1 to June 30, 2020 |                                    |
|--------------------|----------------------------|------------------------------------|----------------------------|------------------------------------|
|                    | Exchange Rate              | Net Foreign Exchange Gain and Loss | Exchange Rate              | Net Foreign Exchange Gain and Loss |
| NTD                | 1.0000                     | (\$ 31,177)                        | 1.000                      | (\$ 3,709)                         |
| USD                | 28.172                     | ( 14,457)                          | 30.001                     | ( 10,429)                          |
| RMB                | 4.354                      | 875                                | 4.261                      | 5,229                              |
| HKD                | 3.630                      | ( 3,813)                           | 3.865                      | ( 1,157)                           |
|                    |                            | (\$ 48,572)                        |                            | (\$ 10,066)                        |

### XXXIII. Separately Disclosed Items

#### (I) Major transactions and (II) information about investees:

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

10. Others: Intercompany relationships and significant intercompany transactions:  
See Table 7.
11. Information on investees: See Table 8.

(III) Information on investment in Mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.: See Table 9.
- 2 Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 7.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: See Tables 5 and 7.
  - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
  - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: See Table 2.
  - (5) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds: See Tables 1, 6 and 7.
  - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: See Table 7.

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

#### XXXIV. Segment Information

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

##### (I) Segment revenue and results

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

|                                    | <u>Segment Revenue</u>                |                                       | <u>Segment Profit</u>                 |                                       |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|                                    | <u>January 1 to<br/>June 30, 2021</u> | <u>January 1 to<br/>June 30, 2020</u> | <u>January 1 to<br/>June 30, 2021</u> | <u>January 1 to<br/>June 30, 2020</u> |
| Production                         | \$ 7,474,838                          | \$ 5,824,201                          | \$ 1,637,566                          | \$ 933,460                            |
| Powder Coating                     | 91,187                                | 129,387                               | 19,377                                | ( 7,638 )                             |
| Construction                       | <u>3,115,268</u>                      | <u>1,639,744</u>                      | <u>1,108,137</u>                      | <u>574,297</u>                        |
| Total from continuing operations   | <u>\$10,681,293</u>                   | <u>\$ 7,593,332</u>                   | 2,765,080                             | 1,500,119                             |
| Interest income                    |                                       |                                       | 55,458                                | 41,055                                |
| Other income and benefits          |                                       |                                       | 27,346                                | 64,679                                |
| Net foreign currency exchange loss |                                       |                                       | ( 48,572 )                            | ( 10,066 )                            |
| Interest expenses                  |                                       |                                       | ( 69,551 )                            | ( 116,343 )                           |
| Other expenses and losses          |                                       |                                       | ( <u>16,035</u> )                     | ( <u>29,080</u> )                     |
| Profit before income tax           |                                       |                                       | <u>\$ 2,713,726</u>                   | <u>\$ 1,450,364</u>                   |

Segment profit represented the profit before tax earned by each segment without interest income, subsidy revenue, net losses on disposal of property, plant and equipment, net foreign exchange gain or loss, interest expense and income tax expense. This measured amount was reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

##### (II) Total segment assets and liabilities

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

Taiwan Paiho Limited and Subsidiaries

Financing Provided to Others

January 1 to June 30, 2021

Table 1

In Thousands of New Taiwan Dollars or Foreign Currency

| Number | Lender                          | Borrower                           | Financial Statement Account     | Related Parties | Maximum Balance of the Current Period (Notes 4 and 6) | Balance at the End of the Period (Notes 5 and 6) | Actual Borrowing Amount (Notes 5 and 8) | Interest Rate Range                         | Nature of Financing (Note 7)                  | Business Transaction Amount | Reason for Necessary Short-Term Financing (Note 7) | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Notes 1, 2 and 3) | Aggregate Financing Limits (Notes 1, 2 and 3) |
|--------|---------------------------------|------------------------------------|---------------------------------|-----------------|---|--|---|---|---|-----------------------------|--|-------------------------------|------------|-------|--|---|
|        |                                 |                                    |                                 |                 |   |  |   |   |   |                             |  |                               | Name       | Value |  |   |
| 1      | Paiho Int'L Limited             | Vietnam Paiho Limited              | Receivable from related parties | Y               | \$ 469,753<br>(USD 15,417)                            | \$ 320,390<br>(USD 11,500)                       | \$ 320,390<br>(USD 11,500)              | 2%-3%                                       | Necessary for long-term financing             | \$ -                        | Operating capital                                  | \$ -                          | —          | \$ -  | \$ 6,846,098   | \$ 6,846,098                                  |
|        |                                 | PT.Paiho Indonesia                 | Receivable from related parties | Y               | 91,305<br>(USD 3,000)                                 | 83,580<br>(USD 3,000)                            | 83,580<br>(USD 3,000)                   | 2.25%                                       | Necessary for long-term financing             | -                           | Operating capital                                  | -                             | —          | -     | 6,846,098  | 6,846,098                                     |
| 2      | Wuxi Paiho Textile Co., Limited | Wuxi Paiwei Biotechnology Co. Ltd. | Receivable from related parties | Y               | 172,020<br>(RMB 40,000)                               | 172,360<br>(RMB 40,000)                          | 172,360<br>(RMB 40,000)                 | 4.35%                                       | Necessary for short-term financing            | -                           | Operating capital                                  | -                             | —          | -     | 1,493,787  | 2,987,574                                     |
| 3      | Paiho Shih Holdings Corporation | Hon Shin Corp.                     | Receivable from related parties | Y               | 142,550<br>(USD 5,000)                                | -  | -                                       | 3-month USD Libor rate plus 1.28%           | Necessary for short-term financing            | -                           | Operating capital                                  | -                             | —          | -     | 2,188,068  | 2,188,068                                     |
|        |                                 | Vietnam Paihong Limited Company    | Receivable from related parties | Y               | 1,603,863<br>(USD 55,500)                             | 1,337,280<br>(USD 48,000)                        | 1,337,280<br>(USD 48,000)               | 3-month USD Libor rate plus 1.28%           | Necessary for short-term financing            | -                           | Operating capital                                  | -                             | —          | -     | 2,188,068  | 2,188,068                                     |
| 4      | Hon Shin Corp.                  | Vietnam Paihong Limited Company    | Receivable from related parties | Y               | 674,500<br>(USD 22,338)                               | 202,333<br>(USD 7,263)                           | 202,333<br>(USD 7,263)                  | 3-month USD Libor rate plus 1.28% and 2.25% | Necessary for long- and short-term financing. | -                           | Operating capital                                  | -                             | —          | -     | 1,085,679  | 1,085,679                                     |

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

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

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

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

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

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

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

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

Taiwan Paiho Limited and Subsidiaries

Endorsements/Guarantees Provided

January 1 to June 30, 2021

Table 2

In Thousands of New Taiwan Dollars or Foreign Currency

| Number | Name of Endorser/Guarantor      | Endorsee/Guaranteed Party       |              | Limit of Endorsement/ Guarantee for a Single Enterprise (Note 2) | Highest Endorsement Guarantee Balance for the Current Period (Note 4) | Endorsement /Guarantee Balance at the End of the Period (Note 5) | Actual Borrowing Amount (Note 5) | Amount of Endorsement/ Guarantee Secured by Assets | Ratio of Accumulated Endorsement/ Guarantee Amount to Net Value in the Latest Financial Statement | Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee by the Parent Company for the Subsidiary | Endorsement/ Guarantee by the Subsidiary for the Parent Company | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|--------|---------------------------------|---------------------------------|--------------|--|---|--|----------------------------------|--|---|---------------------------------------|---|---|---|
|        |                                 | Company Name                    | Relationship |  |   |  |                                  |  |   |                                       |   |   |   |
| 0      | The Corporation                 | Paiho Int’L Limited             | (Note 1)     | \$ 9,473,387   | \$ 88,890<br>(USD 3,000)  | \$ 83,580<br>(USD 3,000)   | \$ -                             | \$ -   | 0.88%   | \$ 14,210,081                         | Y   | —   | —   |
|        |                                 | Zhong Yuan Xing Ye Company Ltd. | (Note 1)     | 9,473,387  | 87,830<br>(USD 3,000)   | 83,580<br>(USD 3,000)  | -                                | -  | 0.88%   | 14,210,081                            | Y   | —   | —   |
|        |                                 | PT.Paiho Indonesia              | (Note 1)     | 9,473,387  | 2,460,550<br>(USD 85,000)   | 2,061,640<br>(USD 74,000)  | 963,956<br>(USD 34,600)          | -  | 21.76%  | 14,210,081                            | Y   | —   | —   |
| 1      | Paiho Shih Holdings Corporation | Hon Shin Corp.                  | (Note 1)     | 5,470,171  | 3,274,760<br>(USD 113,000)  | 2,479,540<br>(USD 89,000)  | 571,130<br>(USD 20,500)          | -  | 45.33%  | 8,205,257                             | —   | —   | —   |
|        |                                 | Vietnam Paihong Limited Company | (Note 1)     | 5,470,171  | 3,457,605<br>(USD 119,150)  | 3,096,639<br>(USD 111,150)                                       | 2,619,927<br>(USD 94,039)        | -  | 56.61%  | 8,205,257                             | —   | —   | —   |
| 2      | Hon Shin Corp.                  | Vietnam Paihong Limited Company | (Note 1)     | 1,085,679  | 60,160<br>(USD 2,000)   | -  | -                                | -  | -   | 1,628,519                             | —   | —   | —   |

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

Note 2: The individual amount shall not exceed 100% of the net worth of the Corporation, Paiho Shih Holdings Corporation and Hon Shin Corp., and the total amount shall not exceed guarantee limit.

Note 3: The total amount of the guarantee shall not exceed 150% of the net worth of the Corporation, Paiho Shih Holdings Corporation and Hon Shin Corp.

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

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



Taiwan Paiho Limited and Subsidiaries  
Marketable Securities Held  
June 30, 2021

Table 3

In Thousands of New Taiwan Dollars or Foreign Currency

| Securities Holding Company           | Type and Name of Marketable Securities  | Relationship with Holding Company | Financial Statement Account   | End of Period    |                                 |                    |                            | Remark |
|--------------------------------------|---|-----------------------------------|---|------------------|---------------------------------|--------------------|----------------------------|--------|
|                                      |   |                                   |   | Number of Shares | Carrying Amount (Notes 1 and 2) | Shareholding Ratio | Fair Value (Notes 1 and 2) |        |
| Paiho Holdings Limited               | <u>Equity</u><br>Hong Kong Leader Elastic Limited   | —                                 | Financial assets at fair value through other comprehensive income – non-current | 7,500,000        | \$ -                            | 14.29%             | \$ -                       |        |
| China Star International Limited     | <u>Financial products</u><br>Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed) | —                                 | Financial assets at fair value through profit or loss - current                 | -                | 64,689<br>(RMB 15,000)          | -                  | 64,689<br>(RMB 15,000)     |        |
| Wuxi Paisem Chemical Fibre Co., Ltd. | <u>Financial products</u><br>Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed) | —                                 | Financial assets at fair value through profit or loss - current                 | -                | 139,815<br>(RMB 32,420)         | -                  | 139,815<br>(RMB 32,420)    |        |
| Dongguan Paiho Textile Limited       | <u>Financial products</u><br>Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed) | —                                 | Financial assets at fair value through profit or loss - current                 | -                | 32,345<br>(RMB 7,500)           | -                  | 32,345<br>(RMB 7,500)      |        |
| Wuxi Paiho Textile Co., Limited      | <u>Financial products</u><br>Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed) | —                                 | Financial assets at fair value through profit or loss - current                 | -                | 264,376<br>(RMB 61,330)         | -                  | 264,376<br>(RMB 61,330)    |        |

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

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

Taiwan Paiho Limited and Subsidiaries  
Marketable Securities Acquired or Disposed of Costs or Prices of at Least NT\$300 Million or 20% of the Paid-in Capital  
January 1 to June 30, 2021

Table 4

In Thousands of New Taiwan Dollars or Foreign Currency

| Company Name                        | Type and Name of Marketable Securities   | Financial Statement Account                                     | Counterparty | Relationship | Beginning of Period |                         | Acquisition      |                             | Disposal         |                             |                             |                         | End of Period    |                            |
|-------------------------------------|--|---|--------------|--------------|---------------------|-------------------------|------------------|-----------------------------|------------------|-----------------------------|-----------------------------|-------------------------|------------------|----------------------------|
|                                     |  |   |              |              | Number of Shares    | Amount                  | Number of Shares | Amount                      | Number of Shares | Amount                      | Carrying Value              | Gain (Loss) on Disposal | Number of Shares | Amount                     |
| Wuxi Paiho Textile Co., Limited     | <u>Financial products</u>  |   |              |              |                     |                         |                  |                             |                  |                             |                             |                         |                  |                            |
|                                     | Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed) | Financial assets at fair value through profit or loss - current | —            | —            | -                   | \$ -                    | -                | \$ 933,483<br>(RMB 216,550) | -                | \$ 669,107<br>(RMB 155,220) | \$ 669,107<br>(RMB 155,220) | \$ -                    | -                | \$ 264,376<br>(RMB 61,330) |
| Dongguan Paihong Industry Co., Ltd. | <u>Financial products</u>  |   |              |              |                     |                         |                  |                             |                  |                             |                             |                         |                  |                            |
|                                     | Bank Sino Pac –The RMB Structured deposit (capital guaranteed)                         | Financial assets at fair value through profit or loss - current | —            | —            | -                   | 193,982<br>(RMB 45,000) | -                | 187,602<br>(RMB 43,520)     | -                | 381,584<br>(RMB 88,520)     | 381,584<br>(RMB 88,520)     | -                       | -                | -                          |

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

Taiwan Paiho Limited and Subsidiaries  
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
January 1 to June 30, 2021

Table 5

In Thousands of New Taiwan Dollars or Foreign Currency

| Buyer/Seller                     | Related Party (Note 2)              | Relationship | Transaction Situation |                        |            |  | Abnormal Transaction                                 |                | Notes/Accounts Receivable (Payable) |            |
|----------------------------------|-------------------------------------|--------------|-----------------------|------------------------|------------|--|--|----------------|-------------------------------------|------------|
|                                  |                                     |              | Purchase /Sale        | Amount (Note 2)        | % to Total | Payment Terms                                    | Unit Price   | Payment Terms  | Balance (Note 2)                    | % to Total |
| The Corporation                  | Vietnam Paiho Limited               | (Note 1)     | (Sales)               | \$ 262,317             | ( 12% )    | Payment to be received in approximately 3 months | At cost plus 15% or at market price                  | About 3 months | \$ 39,945                           | 6%         |
|                                  | Dongguan Paihong Industry Co., Ltd. | (Note 1)     | (Sales)               | 103,674                | ( 5% )     | Payment to be received in approximately 3 months | At cost plus 15% or at market price                  | About 3 months | 50,165                              | 7%         |
|                                  | Wuxi Paiho Textile Co., Limited     | (Note 1)     | (Sales)               | 109,298                | ( 5% )     | Payment to be received in approximately 3 months | At cost plus 15% or at market price                  | About 3 months | 44,078                              | 6%         |
| Zhong Yuan Xing Ye Company Ltd.  | PT. Paiho Indonesia                 | (Note 1)     | (Sales)               | 101,136<br>(USD 3,590) | ( 100% )   | Payment to be received in approximately 3 months | At cost plus a certain percentage or at market price | About 3 months | 38,168<br>(USD 1,370)               | 100%       |
| Vietnam Paihong Limited Company. | Hon Shin Corp.                      | (Note 1)     | (Sales)               | 236,565<br>(USD 8,397) | ( 70% )    | Payment to be received in approximately 3 months | At market price                                      | About 3 months | 66,723<br>(USD 2,395)               | 85%        |

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

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

Taiwan Paiho Limited and Subsidiaries  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
June 30, 2021

Table 6

In Thousands of New Taiwan Dollars or Foreign Currency

| Company Name                    | Related Party (Note 3)             | Relationship | Ending Balance (Notes 1 and 3) | Turnover Rate (Times) | Overdue |               | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|---------------------------------|------------------------------------|--------------|--------------------------------|-----------------------|---------|---------------|---------------------------------------|-------------------------------|
|                                 |                                    |              |                                |                       | Amount  | Actions Taken |                                       |                               |
| Paiho Int’L Limited             | Vietnam Paiho Limited              | (Note 2)     | \$ 320,390<br>(USD 11,500 )    | -                     | \$ -    | —             | \$ -                                  | \$ -                          |
| Paiho Shih Holdings Corporation | Vietnam Paihong Limited Company    | (Note 2)     | 1,339,510<br>(USD 48,080 )     | -                     | -       | —             | 1,623<br>(USD 58)                     | -                             |
| Wuxi Paiho Textile Co., Limited | Wuxi Paiwei Biotechnology Co. Ltd. | (Note 2)     | 179,254<br>(RMB 41,600 )       | 0.01                  | -       | —             | 2,413<br>(RMB 560)                    | -                             |
| Hon Shin Corp.                  | Vietnam Paihong Limited Company.   | (Note 2)     | 203,813<br>(USD 7,316 )        | 4.08                  | -       | —             | 10,935<br>(USD 392)                   | -                             |

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

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

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

Taiwan Paiho Limited and Subsidiaries

Intercompany Relationships and Significant Transactions

January 1 to June 30, 2021

Table 7

In Thousands of New Taiwan Dollars or Foreign Currency

| Number | Investee Company | Counterparty (Note 2)                   | Relationship (Note 1) | Transaction Details         |           |                |  |
|--------|------------------|---|-----------------------|-----------------------------|-----------|----------------|--|
|        |                  |   |                       | Financial Statement Account | Amount    | Payment Terms  | Percentage of Consolidated Total Revenue or Total Assets (%) |
| 0      | The Corporation  | Dongguan Paihong Industry Co., Ltd.     | (1)                   | Trade receivable            | \$ 50,165 | About 3 months | -  |
|        |                  | Wuxi Paiho Textile Co., Limited         | (1)                   | Trade receivable            | 44,078    | About 3 months | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Trade receivable            | 39,945    | About 3 months | -  |
|        |                  | Zhong Yuan Xing Ye Company Ltd.         | (1)                   | Trade receivable            | 31,307    | About 3 months | -  |
|        |                  | Paiho North America Corporation         | (1)                   | Trade receivable            | 9,782     | About 3 months | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Other receivable            | 4,372     | —              | -  |
|        |                  | Dongguan Paiho Powder Coating Co., Ltd. | (1)                   | Other receivable            | 4,342     | —              | -  |
|        |                  | PT. Paiho Indonesia                     | (1)                   | Other receivable            | 2,989     | —              | -  |
|        |                  | Paiho Shih Holdings Corporation         | (1)                   | Other receivable            | 1,076     | —              | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Trade payable               | 8,841     | About 3 months | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Temporary receipts          | 24,009    | —              | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Sales                       | 262,317   | About 3 months | 2  |
|        |                  | Wuxi Paiho Textile Co., Limited         | (1)                   | Sales                       | 109,298   | About 3 months | 1  |
|        |                  | Dongguan Paihong Industry Co., Ltd.     | (1)                   | Sales                       | 103,674   | About 3 months | 1  |
|        |                  | Zhong Yuan Xing Ye Company Ltd.         | (1)                   | Sales                       | 43,150    | About 3 months | -  |
|        |                  | Paiho North America Corporation         | (1)                   | Sales                       | 20,601    | About 3 months | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Cost of goods sold          | 36,461    | About 3 months | -  |
|        |                  | Wuxi Paiho Textile Co., Limited         | (1)                   | Unrealized sales profit     | 15,421    | —              | -  |
|        |                  | Paiho North America Corporation.        | (1)                   | Unrealized sales profit     | 11,985    | —              | -  |
|        |                  | Dongguan Paihong Industry Co., Ltd.     | (1)                   | Unrealized sales profit     | 10,859    | —              | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Unrealized sales profit     | 6,860     | —              | -  |
|        |                  | PT. Paiho Indonesia                     | (1)                   | Other income                | 6,044     | —              | -  |
|        |                  | Vietnam Paiho Limited                   | (1)                   | Other income                | 5,793     | —              | -  |
|        |                  | Zhong Yuan Xing Ye Company Ltd.         | (1)                   | Other income                | 5,503     | —              | -  |
|        |                  | Paiho North America Corporation         | (1)                   | Other income                | 1,168     | —              | -  |

(Continued on the following page)

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| Number | Investee Company                      | Counterparty (Note 2)                | Relationship (Note 1) | Transaction Details           |            |                |  |
|--------|---------------------------------------|--------------------------------------|-----------------------|-------------------------------|------------|----------------|--|
|        |                                       |                                      |                       | Financial Statement Account   | Amount     | Payment Terms  | Percentage of Consolidated Total Revenue or Total Assets (%) |
| 1      | Paiho Int’L Limited                   | Vietnam Paiho Limited                | (1)                   | Receivables - related parties | USD 11,500 | —              | 1  |
|        |                                       | PT. Paiho Indonesia                  | (3)                   | Receivables - related parties | USD 3,014  | —              | -  |
|        |                                       | Vietnam Paiho Limited                | (1)                   | Temporary receipts            | USD 610    | —              | -  |
|        |                                       | Vietnam Paiho Limited                | (1)                   | Interest income               | USD 167    | —              | -  |
| 2      | Pai Lon International Trading Limited | Hon Shin Corp.                       | (3)                   | Other receivable              | USD 54     | —              | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (3)                   | Temporary receipts            | USD 2,094  | —              | -  |
|        |                                       | Paiho North America Corporation.     | (3)                   | Sales                         | USD 351    | About 3 months | -  |
|        |                                       | Wuxi Paiho Textile Co., Limited      | (3)                   | Sales                         | USD 337    | About 3 months | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (3)                   | Sales                         | USD 316    | About 3 months | -  |
|        |                                       | Vietnam Paiho Limited                | (3)                   | Sales                         | USD 115    | About 3 months | -  |
|        |                                       | Wuxi Paiho Textile Co., Limited      | (3)                   | Cost of goods sold            | USD 1,106  | About 3 months | -  |
|        |                                       | Wuxi Paisem Chemical Fibre Co., Ltd. | (3)                   | Other receivable              | RMB 673    | —              | -  |
|        |                                       | Wuxi Paiho Textile Co., Limited      | (3)                   | Other receivable              | RMB 673    | —              | -  |
| 4      | Wuxi Paiho Textile Co., Limited       | Dongguan Paihong Industry Co., Ltd.  | (1)                   | Trade receivable              | RMB 8,342  | About 3 months | -  |
|        |                                       | Paiho North America Corporation.     | (3)                   | Trade receivable              | RMB 2,458  | About 3 months | -  |
|        |                                       | Wuxi Paiwei Biotechnology Co. Ltd.   | (1)                   | Receivables - related parties | RMB 40,000 | —              | 1  |
|        |                                       | Wuxi Paiwei Biotechnology Co. Ltd.   | (1)                   | Other receivable              | RMB 1,523  | —              | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (1)                   | Trade payable                 | RMB 1,323  | About 3 months | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (1)                   | Sales                         | RMB 18,919 | About 3 months | 1  |
|        |                                       | Paiho North America Corporation.     | (3)                   | Sales                         | RMB 4,276  | About 3 months | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (1)                   | Cost of goods sold            | RMB 3,092  | About 3 months | -  |
|        |                                       | Dongguan Paihong Industry Co., Ltd.  | (1)                   | Unrealized sales profit       | RMB 3,719  | —              | -  |
|        |                                       | Wuxi Paiwei Biotechnology Co. Ltd.   | (1)                   | Interest income               | RMB 657    | —              | -  |
|        |                                       | Wuxi Paiwei Biotechnology Co. Ltd.   | (1)                   | Rent income                   | RMB 817    | —              | -  |
|        |                                       | PT. Paiho Indonesia                  | (3)                   | Trade receivable              | RMB 1,338  | About 3 months | -  |
|        |                                       | PT. Paiho Indonesia                  | (3)                   | Sales                         | RMB 2,395  | About 3 months | -  |
|        |                                       | Hon Shin Corp.                       | (3)                   | Sales                         | RMB 411    | About 3 months | -  |
| 5      | Dongguan Paihong Industry Co., Ltd.   | Dongguan Paiho Textile Limited       | (3)                   | Cost of goods sold            | RMB 561    | About 3 months | -  |
|        |                                       | Wuxi Paiho Textile Co., Limited      | (3)                   | Unrealized sales profit       | RMB 297    | —              | -  |
|        |                                       | PT. Paiho Indonesia                  | (3)                   | Trade receivable              | USD 1,370  | About 3 months | -  |
|        |                                       | Paiho Int’L Limited                  | (2)                   | Trade payable                 | USD 39     | About 3 months | -  |
|        |                                       | PT. Paiho Indonesia                  | (3)                   | Sales                         | USD 3,590  | About 3 months | 1  |
| 6      | Zhong Yuan Xing Ye Company Ltd.       | PT. Paiho Indonesia                  | (3)                   | Unrealized sales profit       | USD 77     | —              | -  |

(Continued on the following page)

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| Number | Investee Company                | Counterparty (Note 2)               | Relationship<br>(Note 1) | Transaction Details           |            |                |   |
|--------|---------------------------------|-------------------------------------|--------------------------|-------------------------------|------------|----------------|---|
|        |                                 |                                     |                          | Financial Statement Account   | Amount     | Payment Terms  | Percentage of<br>Consolidated Total<br>Revenue or Total Assets<br>(%) |
| 7      | Paiho Shih Holdings Corporation | Vietnam Paihong Limited Company     | (1)                      | Receivables - related parties | USD 48,000 | —              | 4   |
|        |                                 | Hon Shin Corp.                      | (1)                      | Other receivable              | USD 152    | —              | -   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Other receivable              | USD 80     | —              | -   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Interest revenue              | USD 322    | —              | -   |
|        |                                 | Hon Shin Corp.                      | (1)                      | Other income                  | USD 1,200  | —              | -   |
| 8      | Hon Shin Corp.                  | Vietnam Paihong Limited Company     | (1)                      | Trade receivable              | USD 43     | About 3 months | -   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Receivables - related parties | USD 7,263  | —              | 1   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Trade payable                 | USD 2,395  | About 3 months | -   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Sales                         | USD 1,770  | About 3 months | -   |
|        |                                 | Vietnam Paihong Limited Company     | (1)                      | Cost of goods sold            | USD 8,397  | About 3 months | 2   |
| 9      | Vietnam Paiho Limited           | Vietnam Paihong Limited Company     | (1)                      | Interest income               | USD 146    | —              | -   |
|        |                                 | Paiho North America Corporation.    | (3)                      | Trade receivable              | USD 847    | About 3 months | -   |
|        |                                 | Wuxi Paiho Textile Co., Limited     | (3)                      | Trade payable                 | USD 95     | About 3 months | -   |
|        |                                 | Paiho North America Corporation.    | (3)                      | Sales                         | USD 1,139  | About 3 months | -   |
|        |                                 | Wuxi Paiho Textile Co., Limited     | (3)                      | Cost of goods sold            | USD 301    | About 3 months | -   |
| 10     | PT. Paiho Indonesia             | Dongguan Paihong Industry Co., Ltd. | (3)                      | Cost of goods sold            | USD 107    | About 3 months | -   |
|        |                                 | The Corporation                     | (2)                      | Unrealized sales profit       | USD 90     | —              | -   |
|        |                                 | Wuxi Paiho Textile Co., Limited     | (3)                      | Cost of goods sold            | USD 1,149  | About 3 months | -   |
|        |                                 | Wuxi Paiho Textile Co., Limited     | (3)                      | Trade payable                 | USD 387    | About 3 months | -   |
|        |                                 |                                     |                          |                               |            |                |   |

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

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

Taiwan Paiho Limited and Subsidiaries  
Information on Investees  
January 1 to June 30, 2021

Table 8

In Thousands of New Taiwan Dollars or Foreign Currency

| Investor Company                | Name of Investee Company (Note 3)     | Location                  | Main Businesses and Products  | Original Investment Amount |                  | Holding at the End of the Period |       |                          | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 3) | Remark  |
|---------------------------------|---------------------------------------|---------------------------|---|----------------------------|------------------|----------------------------------|-------|--------------------------|-----------------------------------|---------------------------------|---|
|                                 |                                       |                           |   | End of the Period          | End of Last Year | Number of Shares                 | Ratio | Carrying Amount (Note 3) |                                   |                                 |   |
| The Corporation                 | Paiho Int’L Limited                   | BVI                       | International investment  | \$ 1,014,556               | \$ 1,107,261     | 30,368,564                       | 100%  | \$ 7,360,364             | \$ 838,354                        | \$ 899,056                      | Subsidiary  |
|                                 | Paiho Group Inc.                      | BVI                       | International investment  | 876,863                    | 876,863          | 26,505,685                       | 100%  | 867,742                  | 51,119                            | 51,438                          | Subsidiary  |
|                                 | PT.Paiho Indonesia                    | Sukabumi, Indonesia       | Production & marketing of touch fasteners, various type of webbings and elastics  | 536,266                    | 536,266          | 178,200                          | 99%   | 650,584                  | 126,177                           | 124,915                         | Subsidiary  |
|                                 | Paiho North America Corporation       | California, USA           | Sales of touch fasteners and various type of webbings                             | 266,330                    | 266,330          | 800,000                          | 100%  | 178,992                  | 4,102                             | 4,102                           | Subsidiary  |
|                                 | Spring Rich Limited                   | Changhua County, Taiwan   | Extra processing of webbings  | 3,000                      | 3,000            | -                                | 100%  | 5,413                    | 133                               | 133                             | Subsidiary  |
|                                 | Vietnam Paiho Limited                 | Ho Chi Minh City, Vietnam | Manufacturing and processing of touch fasteners and webbings                      | 358,776                    | 358,776          | -                                | 33%   | 1,216,574                | 476,919                           | 157,672                         | 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%   | 3,139,920                | 1,017,157                         | (Note 1)                        | Indirect subsidiary                                 |
|                                 | He Mei Xing Ye Company Ltd.           | Samoa                     | International investment  | USD 16,263                 | USD 16,263       | 23,636,140                       | 100%  | 2,488,840                | 319,679                           | (Note 1)                        | Indirect subsidiary                                 |
|                                 | Zhong Yuan Xing Ye Company Ltd.       | Samoa                     | International trading   | USD 3,760                  | USD 3,760        | 3,760,000                        | 100%  | 3,330                    | 4,016                             | (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%    | 6,572                    | 126,177                           | (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%   | 2,488,840                | 476,919                           | (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%  | 8,444,543                | 1,075,716                         | (Note 1)                        | Indirect subsidiary of subsidiary                   |
|                                 | Pai Lon International Trading Limited | BVI                       | International trading   | USD 1,791                  | USD 1,791        | 1,500,000                        | 100%  | ( 54,590 )               | 30,276                            | (Note 1)                        | Indirect subsidiary of subsidiary                   |
|                                 | Hon Shin Corp.                        | Samoa                     | International investment and trading  | USD 95,000                 | USD 95,000       | 95,000,000                       | 100%  | 958,154                  | ( 113,337 )                       | (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           | 6,000,000                        | 100%  | 59,702                   | ( 95 )                            | (Note 1)                        | Indirect subsidiary of subsidiary                   |
| Paiho Group Inc.                | Paiho Holdings Limited                | BVI                       | International investment  | 876,863                    | 876,863          | 26,505,685                       | 100%  | 868,697                  | 51,124                            | (Note 1)                        | Indirect subsidiary                                 |
| Paiho Holdings Limited          | Braits Company Limited                | BVI                       | International investment  | 562,498                    | 562,498          | 16,601,385                       | 100%  | 564,759                  | 36,057                            | (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%  | 1,205,264                | ( 111,433 )                       | (Note 1)                        | Indirect subsidiary under several layers of holding |

Note 1: Information filling is exempted according to regulations.

Note 2: Information on investment in mainland China, please refer to Table 9.

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



Taiwan Paiho Limited and Subsidiaries  
Information on Investment in Mainland China  
January 1 to June 30, 2021

Table 9

In Thousands of New Taiwan Dollars or Foreign Currency

| Name of the Investee Company in Mainland China (Note 1) | Main Businesses and Products  | Paid-in Capital            | Investment Method | Cumulative Investment Amount Remitted out from Taiwan at the Beginning of the Period | Remittance of Funds |        | Cumulative Investment Amount Remitted out from Taiwan at the End of the Period | Net Income (loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Notes 5 and 6) | Carrying Amount at the End of the Period (Notes 5 and 6) | Accumulated Repatriation of Investment Income as of the End of the Current Period |
|---|---|----------------------------|-------------------|--|---------------------|--------|--|-----------------------------------|--|--|--|---|
|   |   |                            |                   |  | Outward             | Inward |  |                                   |  |  |  |   |
| Dongguan Paiho Textile Limited                          | Production & marketing of touch fasteners, elastics, various type of webbings and computerizes embroidery   | \$ 148,534<br>(RMB 34,471) | (Note 1)          | \$ -   | \$ -                | \$ -   | \$ -   | ( \$ 1,495 )                      | 100%   | ( \$ 1,495 )                           | \$ 151,278   | \$ 1,214,739  |
| Wuxi Paiho Textile Co., Limited                         | Processing of touch fastener, webbing and embroidery  | 1,657,208<br>(RMB 384,592) | (Note 1)          | 985,180  | -                   | -      | 985,180  | 1,118,303                         | 55%  | 611,727                                | 4,011,028  | 320,508   |
| China Star International Limited                        | Production & marketing of powder coating.   | 177,503<br>(RMB 41,194)    | (Note 1)          | 201,922  | -                   | -      | 201,922  | 13,574                            | 100%   | 13,574                                 | 244,575  | 337,582   |
| Dongguan Paiho Powder Coating Co., Ltd.                 | Production & marketing of powder coating.   | 177,307<br>(RMB 41,148)    | (Note 1)          | 35,720   | -                   | -      | 35,720   | 6,584                             | 100%   | 6,584                                  | 216,324  | 40,077  |
| Wuxi Paisem Chemical Fibre Co., Ltd.                    | Production and sale of synthetic fiber.   | 569,592<br>(RMB 132,187)   | (Note 1)          | 564,691  | -                   | -      | 564,691  | 36,057                            | 100%   | 36,057                                 | 564,759  | -   |
| Dongguan Paihong Industry Co., Ltd.                     | Production & marketing of touch fastener, elastic, various type of webbings and jacquard engineered mesh, and consumer electronic accessories, etc. | 1,538,722<br>(RMB 357,095) | (Note 1)          | 141,664  | -                   | -      | 141,664  | 413,335                           | 54%  | 231,264                                | 1,601,400  | 156,170   |
| Wuxi Paihong Real Estate Co., Ltd.                      | Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.                            | 1,637,420<br>(RMB 380,000) | (Note 1)          | (Note 2)   | -                   | -      | -  | 684,456                           | 55%  | 375,648                                | 1,409,322  | -   |
| Wuxi Paiwei Biotechnology Co. Ltd.                      | Production and sales of masks and non-woven products.   | 215,450<br>(RMB 50,000)    | (Note 1)          | (Note 2)   | -                   | -      | -  | ( 31,535 )                        | 55%  | ( 17,307 )                             | 105,086  | -   |

| Cumulative Investment Amount Remitted out from Taiwan to the Mainland at the End of the Period | Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs | In Accordance with the Investment Quota Set by the Investment Commission of the Ministry of Economic Affairs |
|--|---|--|
| \$ 352,831   | \$ 553,046<br>( USD 19,851 )  | No 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 Corporation was issued the certification document for proof of within the scope of operation of the corporate headquarters by Industrial Development Bureau, MOEA, for investment in Mainland China with no upper limit of the fund.

Note 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: Significant intercompany accounts and transactions have been eliminated.

Taiwan Paiho Limited  
Information on Major Shareholders  
June 30, 2021

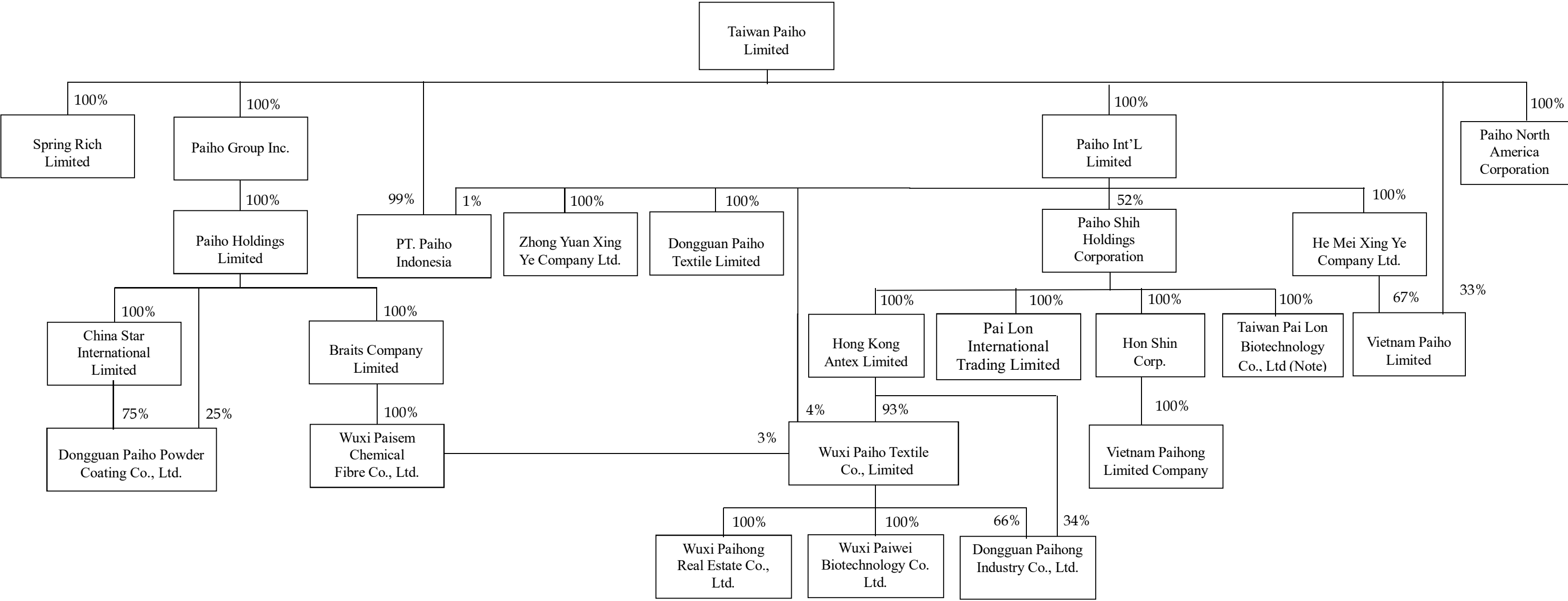
Table 10

| Name of Major Shareholder      | Shares                         |                    |
|--------------------------------|--------------------------------|--------------------|
|                                | Number of Shares Held (Shares) | Shareholding Ratio |
| Fubon Life Insurance Co., Ltd. | 23,363,000                     | 7.84%              |

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

Taiwan Paiho Limited  
Investment Structure  
June 30, 2021

Table 11



Note: Taiwan Pai Lon Biotechnology Co., Ltd was established in September 2020. The board of directors of Paiho shih Holdings Corporation resolved to dissolve and liquidate Taiwan Pai Lon Biotechnology Co., Ltd on May 7, 2021; the dissolution registration was completed and the approval letter was obtained on June 7, 2021, but the liquidation has not yet been completed.

Taiwan Paiho Limited  
Investment Structure  
June 30, 2020

Table 12

