

# TAIWAN PAIHO LIMITED

## 2023 Annual General Shareholders' Meeting Minutes (Translation)

Time : 9 a.m., June 7, 2023(Wednesday)

Venue : Location of the Company (No.575, Ho Kang Rd., Hemei Township, Changhua County 508, Taiwan.)

Meeting Type : Physical Shareholders' Meeting

The Number of Shares of Attendance :

Attending shareholders and proxy represented 237,871,545 shares (including 123,400,277 shares which attended through electronic voting) accounting for 79.83% of 297,963,902 shares, the Company's total outstanding shares.

Directors Present : Sen-Mei Cheng, Representative of Everise Investment Co., Ltd.:  
Cheng-Wei Cheng and Yi-Ming Lin.

Independent Directors Present : Jui-Lin Lo (Chairman of the Audit Committee and  
Chairman of the Remuneration Committee), and  
Chia-Yu Chen.

Other Present : Auditor Ting-Chien Su, Lawyer Hsiao-Liang Liang

Chairman of the Board of Director : Sen-Mei Cheng

Recorder : Shu-Hui Yeh

### **I. Call the Meeting to Order**

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

### **II. Chairperson's Opening Remarks : (Omitted.)**

### **III. Report Items**

1. 2022 Business Report, please refer to Attachment 1 (page 11-15).
2. Audit Committee's review report of 2022, please refer to Attachment 2 (page 16).

3. To report on 2022 employees' compensation and remuneration to directors.

The Company's net profit before tax for the distribution of compensation to the employees and remuneration to the directors in 2022 was in the amount of NT\$ 1,972,287,491 dollars (the same currency used hereinafter). The Board of Directors resolved the distribution of compensation in cash to employees: \$26,735,699 (1.36%) and remuneration in cash to directors: \$17,233,552 (0.87%) as follows:

Unit : NT\$

Item	Persons Awarded	Amount of Payment per Board Resolution	Payment Method
Compensation to Employees	Employees	\$ 26,735,699	In Cash
Remuneration to Directors	Directors	17,233,552	In Cash
Total		\$ 43,969,251	

4. To report the cash dividends of 2022 earnings distribution.

- (1) The Company's unappropriated retained earnings of previous years was in the amount of NTD 4,168,349,827, plus 2022 net profit after tax of NTD 1,520,409,871, minus NT\$20,475,568 from various adjustments to retained earnings, and after Legal reserves of NTD 149,993,430, and reversal of special reserve of NTD 566,710,988, the distributable retained earnings of current period was in the amount of NTD 6,085,001,688.
- (2) Please refer to Ratification Items 2 for Table of 2022 Earnings Distribution (page 5).
- (3) In accordance with the Article 29-1 of the "Articles of Incorporation," the Board of Directors is authorized and resolved the dividend to shareholders of 2022 earnings will distribute NTD 744,909,755 in cash, with NTD 2.5 per share.
- (4) If changes in the capital (buyback of shares or transfer, conversion and cancellation of treasury stock) that influence the numbers of shares outstanding and effect changes in the shareholders' allotment ratio, it is proposed to authorized the Chairman to adjust related matters.
- (5) On the 22<sup>nd</sup> session of the 13<sup>th</sup> Board of Directors on April 20, 2023, the cash dividend distribution was approved and proposed, and authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividend is calculated according to the common stock shareholders

listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth.

The endorsements/guarantees of the Company and its subsidiaries are all affiliated company with more than 50% shareholdings held by the Company and its subsidiaries, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank and issuing a letter of credit. The total amount of endorsements/guarantees made by the Company and its subsidiaries as of the end of 2022 was in amount of NT\$12,652,520 thousand, accounting for 107.37% of the Company's net worth on December 31, 2022. Please refer to Attachment 3 (page 17).

6. To report the amendments to "Codes of Ethical Conduct."

In order to strengthen and implement the Company's ethical corporate management and sound development, with reference to "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" and "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", the Board of Directors resolved to revise partial articles of the Company's "Codes of Ethical Conduct", the Comparison Table of Amendments to "Codes of Ethical Conduct" is attached hereto as Attachment 4 (page 18-21).

#### IV. Ratification Items

1. Adoption of the 2022 Business Report and Financial Statements (Proposed by the Board of Directors).

Explanation :

- (1) The Company's 2022 Consolidated Financial Statements and Parent Only Financial Statements have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touch, who have issued unmodified opinion.
- (2) Pursuant to Article 228 of the "Company Act," the Company compiled with the following reports:
  - ① Business Report, please refer to Attachment 1 (page 11-15).
  - ② Consolidated Financial Statement, please refers to Attachment 5 (page 22-32).
  - ③ Parent Only Financial Statement, please refer to Attachment 6 (page 33-43).
- (3) The attached reported and Financial Statements have been reviewed and issued a review report by the audit committee and hereby submitted for adoption.

Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	221,468,999 votes	93.10%
Disapproval Votes:	14,741 votes	0.00%
Invalid Votes:	none	0.00%
Abstention Votes:	16,387,805 votes	6.88%

RESOLVED, that the above proposal was hereby approved as proposed.

2. Adoption of the Proposal for Distribution of 2022 Profits (Proposed by the Board of Directors).

Explanation :

(1) 2022 Profits distribution proposal is as follows:

TAIWAN PAIHO LIMITED  
Table of 2022 Earnings Distribution

		Unit : NT\$
Unappropriated retained earnings of previous years.		\$ 4,168,349,827
2022 net profit after tax.	\$1,520,409,871	
Changes in ownership interests in subsidiaries	( 37,437,690)	
Adjustment arising from investments accounted for using equity method.	8,843,669	
Remeasurement of 2022 defined benefit plans recognized in retained earnings.	33,615,446	
Disposition of subsidiaries under equity instruments at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings.	( 25,496,993)	
Net Profit after tax plus the adjustments of various types of retained earnings in current period.		1,499,934,303
Legal reserves (10%).		( 149,993,430)
Reversal of Special reserves.		566,710,988
Distributable retained earnings of current period		6,085,001,688
Distribution items:		
Dividend to common shareholders. (Cash dividend of NT\$2.5 per share; total NT\$ 744,909,755)		(744,909,755)
Unappropriated retained earnings at the end of period.		\$ 5,340,091,933

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

(2) A 5% tax rate is applied to undistributed earnings under Article 66-9 of the "Income Tax Law." In accordance to the Ministry of Finance announcement letter No.871941343 issued on April 30, 1998, the distributed earnings should be individually recognized, and priority given to the latest years' earnings.

Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	221,932,212 votes	93.29%
Disapproval Votes:	22,111 votes	0.00%
Invalid Votes:	none	0.00%
Abstention Votes:	15,917,222 votes	6.69%

RESOLVED, that the above proposal was hereby approved as proposed.

## V. Election Items

1. Re-election for the 14<sup>th</sup> Directors of the Company (Proposed by the Board of Directors).

Explanation :

- (1) The term of the 13<sup>th</sup> directors (including independent directors) of the Company expired on June 9, 2023. It is proposed to re-elect directors (including independent directors) at the General Shareholders' Meeting of 2023.
- (2) According to Article 19 and 19-1 of the "Articles of Incorporation" of the Company, the Company shall have seven to twelve directors, the selection of directors shall be based on the candidate nomination system. The Board of Directors shall include at least three independent directors and should be no less than 1/3 of the total numbers of directors. It is proposed to re-elect ten directors (including four independent directors) at the General Shareholders' Meeting of 2023. For a three-year term beginning on June 7, 2023 and ending on June 6, 2026. The audit committee is to be composed of the entire number of independent directors.
- (3) The directors (including independent directors) candidates have been approved by the Board of Directors of the Company on April 20, 2023. The list of candidates for directors (including independent directors) is attached hereto as Attachment 7 (page 44-47).
- (4) "Procedures for Governing the Election of Directors" is attached hereto as Appendix 2 (Meeting Agenda page 57-58).

Election Results :

Year 2023 Shareholder's General Meeting List of 14 <sup>th</sup> Directors elected			
Office Held	Shareholder's No. / ID No.	Shareholder's Name	No. of Vote
Director	8	Sen-Mei Cheng	203,888,000
Director	107631	Everise Investment Co., td. (Represented by Cheng-Wei Cheng)	193,000,000
Director	24	Cheng-Tsung Cheng	190,000,000
Director	P1206XXXXX	Shui-Jin Chen	187,000,000
Director	235	Kuei-Chu Yeh	185,300,000
Director	8463	Yi-Lun Cheng	184,681,935
Independent Director	L1200XXXXX	Jui-Lin Lo	163,036,861
Independent Director	L2216XXXXX	Chia-Yu Chen	159,163,924
Independent Director	L1214XXXXX	Chun-Chieh Tseng	157,834,735
Independent Director	N1223XXXXX	Yin-Chieh Hsu	156,347,509

## VI. Proposed Resolutions

1. Amendments to “Rules and Procedures for Shareholders’ Meetings” (Proposed by the Board of Directors)

Explanation : It is proposed to amend partial articles of the Company’s “Rules and Procedures for Shareholders’ Meetings” to comply with Letter 1120004167 from Taiwan Stock Exchange Corporation of R.O.C. for amendments made to “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings” issued on March 17, 2023. The Comparison Table of Amendments to “Rules and Procedures for Shareholders’ Meetings” is attached hereto as Attachment 8 (page 48-50).

Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	219,004,644 votes	92.06%
Disapproval Votes:	21,366 votes	0.00%
Invalid Votes:	none	0.00%
Abstention Votes:	18,845,535 votes	7.92%

RESOLVED, that the above proposal was hereby approved as proposed.

2. Amendments to “Operational Procedures for Loaning of Company Funds ”  
(Proposed by the Board of Directors)

Explanation : In order to meet operational needs, the Board proposed to amend partial articles of “Operational Procedures for Loaning of Company Funds.” The Comparison Table of Amendments to “Operational Procedures for Loaning of Company Funds” is attached hereto as Attachment 9 (page 51-52).

Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	218,861,374 votes	92.00%
Disapproval Votes:	28,691 votes	0.01%
Invalid Votes:	none	0.00%
Abstention Votes:	18,981,480 votes	7.97%

RESOLVED, that the above proposal was hereby approved as proposed.

3. Amendments to “Regulation Governing Making of Endorsements/Guarantees”  
(Proposed by the Board of Directors)

Explanation : In order to meet operational needs, the Board proposed to amend partial articles of “Regulation Governing Making of Endorsements/Guarantees.” The Comparison Table of Amendments to “Regulation Governing Making of Endorsements/Guarantees” is attached hereto as Attachment 10 (page 53-55).



Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	192,556,475 votes	80.94%
Disapproval Votes:	26,332,592 votes	11.07%
Invalid Votes:	none	0.00%
Abstention Votes:	18,982,478 votes	7.98%

RESOLVED, that the above proposal was hereby approved as proposed.

4. To lift the non-competition restrictions for new directors and its representatives of the Company. (Proposed by the Board of Directors)

Explanation :

1. According to Article 209 of the “Company Act”, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. The new directors and its representative may invest or operate in other companies with the same or similar business scope and act as directors or managers of the other companies. Under the non-destructive and the interests of the Company, after re-election of directors at the General Shareholders’ Meeting of 2023, the new directors and its representative shall be submitted to the shareholders’ meeting for approval to lift the non-competition restrictions behavior of themselves. Contents of Candidates for New Directors and its Representatives as Non-Competition Restrictions is attached hereto as Attachment 11 (page 56).

Voting Results: Shares represented at the time of voting: 237,871,545

Voting Results (Including Votes Casted Electronically)		% of the Total Represented Share Present
Approval Votes:	218,868,182 votes	92.01%
Disapproval Votes:	49,095 votes	0.02%
Invalid Votes:	none	0.00%
Abstention Votes:	18,954,268 votes	7.96%

RESOLVED, that the above proposal was hereby approved as proposed.

**VII. Extemporaneous Motions :** None.

**VIII. Meeting Adjourned :** Meeting ended at 9:35 a.m.

Shareholders did not raise any questions at this Annual Shareholders' Meeting.

Chairman of the Board of Directors : Sen-Mei Cheng

Recorder : Shu-Hui Yeh

## 2022 Annual Business Report

### 1. Business Implementation Outcome

Unit: NT\$ thousands

Item	2022	2021	Difference Amount	Difference (%)
Net Sales	\$16,270,386	\$18,287,786	(\$2,017,400)	( 11.0)
Gross Profit	5,590,581	6,928,521	( 1,337,940)	( 19.3)
Profit from Operations	2,714,748	3,977,812	( 1,263,064)	( 31.8)
Profit Before Income Tax	2,570,634	4,026,897	( 1,456,263)	( 36.2)
Net Profit	1,788,781	2,666,050	( 877,269)	( 32.9)
Net Profit Attributable to Owners of the Corporation	1,520,410	2,059,783	( 539,373)	( 26.2)
<p>Change and Difference Analysis:</p> <p>Overall sales and operation costs went up in 2022 caused by Russia-Ukraine War, inflation and interest rate hiking. Furthermore, sales from property business decreased significantly as the selling entered the late stage. That caused the consolidated net revenue, operation margin and profit, and earnings before or after tax have gone down compared to 2021.</p>				

2. Budget Execution: For the year of 2022, the Company has not established a financial forecast.

### 3. Financial Revenue/Expenditure and Profitability Analysis

Item \ Year		2022	2021
Capital Structure	Debt Ratio (%)	54.5	52.9
	Long-term Funds to Property, Plant and Equipment Ratio (%)	103.7	168.1
Liquidity	Current Ratio (%)	86.2	165.0
	Quick Ratio (%)	49.3	92.9
Profitability	Return on Total Assets (%)	6.7	9.2
	Return on Equity Attributable to Owners of the Corporation (%)	12.7	20.4
	Net Profit Margin (%)	11.0	14.6
	Earnings Per Share (NT\$)	5.10	6.91

### 4. Research and Development

In 2023, our development projects for new products include hook upper fabric, environmental shoelace and plain-woven fabric, eyelet knit webbing, hummingbird functional shoelaces, 3D double-layered knit webbing, loop-woven fabric label and hook webbing, and multi-color reflective lamination.

## 5. 2023 Business Plan Overview

### (1) Operational Strategy

- ① Deepen the concept of management for sustainable development, keep strengthening corporate governance, continue advocating and implementing various energy saving and carbon reduction measures and promote social engagement and employee care.
- ② Promote, with full efforts, online digital marketing and respond to market demands for light weight, air permeability and comfort, and environmental protection, which will be the major directions of future marketing and innovation and R&D.
- ③ We will keep accelerating our global deployment and resource integration to make available local services which are fast and integrated.
- ④ Construct complete selling channels emphasizing innovative materials, which can start from giving total solutions during the production development stage, establishing close interaction with the major brands to reinforce partnerships of reciprocity.
- ⑤ To enable one-stop production in a diverse market, other than a growing talent pool for patterned woven fabric and Knitted Jacquard Mesh, related technology advancements have never stopped. We focus on yarn that is environmental, lightweight, breathable and with special functionalities, as well as the process techniques.
- ⑥ We will continue the innovative development procedures to discover new application possibilities and to meet the one-stop service need from customers.

### (2) Expected Sales Quantity and its Basis

With diversifying production and sales items and broad processing applications, we have a customer base coming from various industries with full recognition from the major brands. With increasing sales items, production and manufacturing capacities in Vietnam and Indonesia, our revenue from footwear and garments remain stable growth on top of the solid foundation, in addition to the witnessed performances from sector expansion and application exploitation.

### (3) Important Production and Marketing Policies

- ① Following the sustainable policies from major brands, the Company is also pushing the uses of innovative materials, waste yarn recycling and repurpose, direct spray (to cut back dyeing) and carrying out various energy measures.

- ② Through digital catalogue and 3D sample/sampling system to maintain the development and interaction of audiovisual materials for the brand, and provide customers an online platform for selection and simulated design. Establishing different marketing modes and continuing to strengthen the interaction with brand customers to optimize the opportunity for development with brand customers and other customers through concerted effort.
- ③ We will diversify our market presence, explore the back-end process field to add values to our products, and build a project-base sales force to expand the business.
- ④ To cope with labor shortage under rising wages from all regions, we will use our processing technology with automated production procedures to allow not only labor and material saving on the customer end but also offer more product selections to achieve win-win situation.
- ⑤ We are under the process to integrate group-wide resource and material cost information, which will enable a flexible and faster delivery schedule under the ever-changing market condition, and better market position.

#### (4) The Company's Future Development Strategy

- ① Using our experience and foundation on hand, we will continue to engage with major brand customers for co-development and co-innovation.
- ② Green environment production, energy conservation and waste reduction, ESG implementation and fulfillment of corporate social responsibility.
- ③ Continue improving overseas production facilities and strengthen manufacturing capability in each site with the addition of service locations to shorten delivery time with nearby customer services for satisfactory and needs.
- ④ Our project-oriented sales teams, covering 3C, automobiles, aerospace accessories, military supplies, boutique suitcase and bags, etc., will conduct marketing campaigns based on the nature of the project.
- ⑤ To tackle the ever-changing competition and a diverse customer base and remain as a best strategic partner for our customers, our efforts on R&D, production technology and back-end process facilities will never stop.

(5) Affected by the External Competitive Environment, Regulatory Environment, and Overall Business Environment

Not like our competitors who mostly concentrate on single products, we are more than a supplier in the main and auxiliary material sectors. Through years of experience and technology, we are able to provide better services and know-how to our customers. Moreover, our proven back-end procedures are capable of providing product designs and total solution to our customers. All these allow us to possess advantageous strengths and a foundation for a sustainable and long-lasting operation.

The Company values environmental protection and human rights. Each product is manufactured in accordance with RSL and EU REACH and ROHS regulations; also, meets the requirements of being non-toxic, harmless, chemical-free and heavy metal pollution-free of various international brands. The Company has setup production and sales offices in Taiwan, Wuxi and Dongguan in China, Vietnam, and Indonesia. Also, a service office is setup in Portland, USA to make a direct contact with the headquarters of international brands. Are with service bases setup nearby to provide customers with the fastest and best service. The Company's business model is beyond the reach of the peers in this industry, which is an excellent advantage for the Company's sustainable development.

After the rapid growth of global market in 2021, consecutive Fed rate hikes, Russia-Ukraine War and Zero Covid 19 policy in China, the global economy has slowed down. Facing the swift macro changes, the Company will strive even harder to expand income sources and cut down the expenditures through developing new industrial and innovative products, making good use of the resources of its overseas and domestic bases, and implementing energy saving and carbon reduction, strengthening corporate governance and fulfilling corporate social responsibility for sustainable development.

Chairman:

Sen-Mei Cheng

General Manager:

Cheng-Wei Cheng

Accounting Officer:

Yao-Da Huang

**Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2022 Business Report, Financial Statements and proposals of earnings distribution. The independent auditors Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche have audited the Financial Statements and issued audit report relating to the Financial Statements.

The Business Report, Financial Statements, and proposals of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of TAIWAN PAIHO LIMITED. Therefore, we hereby submit this report in accordance with Article 14 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review accordingly.

Sincerely,

2023 Annual General Shareholders' Meeting

TAIWAN PAIHO LIMITED

Jui-Lin Lo

Chairman of Audit Committee

April 20, 2023



### Attachment 3

As of the end of 2022, the detail of endorsements/guarantees undertaken by the Company and its subsidiaries is specified below:

Unit: In Thousands of New Taiwan Dollars or Foreign Currency

Endorser/Guarantor	Endorsee/Guaranteed Party Name	Endorsement/Guarantee Amount	Ratio of Accumulated Endorsement and Guarantee / The Company's Net Worth on December 31, 2022
The Company	Paiho Int'L Limited.	30,710 (USD 1,000)	0.26%
	Zhong Yuan Xing Ye Company Ltd.	30,710 (USD 1,000)	0.26%
	PT. Paiho Indonesia.	2,272,540 (USD 74,000)	19.29%
<b>The amount of endorsements/guarantees of the Company (A)</b>		<b>2,333,960 (USD 76,000)</b>	<b>19.81%</b>
Paiho Shih Holdings Corporation	Hon Shin Corp.	92,130 (USD 3,000)	0.78%
	Vietnam Paihong Limited Company.	5,619,930 (USD 183,000)	47.69%
	Hong Kong Best Expectation International Trading Limited.	4,606,500 (USD 150,000)	39.09%
<b>The amount of endorsements/guarantees of the Paiho Shih Holdings Corporation (B)</b>		<b>10,318,560 (USD 336,000)</b>	<b>87.56%</b>
<b>The total amount of endorsements/guarantees of the Company and its subsidiaries (C)=(A)+(B)</b>		<b>12,652,520 (USD 412,000)</b>	<b>107.37%</b>

Note 1: The individual amount shall not exceed 100% of the net worth of the Company and Paiho Shih Holdings Corporation and the total amount shall not exceed total endorsements/guarantees limit.

Note 2: The total amount of the endorsements/guarantees shall not exceed 250% of the net worth of the Company and Paiho Shih Holdings Corporation.

Comparison Table of Amendments to “Codes of Ethical Conduct”

Article No.	Amended Version	Original Version	Explanations
Article 2	<p>Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses the following ten matters:</p> <p>The relevant units shall submit a petition to the Chairman for approval in any of the following circumstances, and a significant event shall be reported to the Board of Directors for resolution.</p> <p>1. Omitted.</p> <p>2. Prevent Conflicts of Interest:</p> <p>Conflicts of interest arise when personal interests or the Company’s overall interests are involved, for example, when the Company’s personnel are unable to handle official duties in an objective and efficient manner, or based on their positions in the Company to obtain illegal gains for the principal, spouses, or second cousins. The transactions between the Company and the associates of the aforementioned personnel should be handled as follows: (1) Loaning of funds, it shall be handled according to the Company’s “Operational Procedures for Loaning of Company Funds;” (2) When</p>	<p>Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses the following ten matters:</p> <p>The relevant units shall submit a petition to the Chairman for approval in any of the following circumstances, and a significant event shall be reported to the Board of Directors for resolution.</p> <p>1. Omitted.</p> <p>2. Prevent Conflicts of Interest:</p> <p>Conflicts of interest arise when personal interests or the Company’s overall interests are involved, for example, when the Company’s personnel are unable to handle official duties in an objective and efficient manner, or based on their positions in the Company to obtain illegal gains for the principal, spouses, <u>parents, children,</u> or second cousins. The transactions between the Company and the associates of the aforementioned personnel should be handled as follows: (1) Loaning of funds, it shall be handled according to the Company’s “Operational Procedures for Loaning of Company Funds;” (2) When</p>	<p>Revised,</p> <p>Reference to Article 2 of “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” and Article 10 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”</p>

	<p>guarantee is provided, it shall be handled in accordance with the Company's "Regulation Governing Making of Endorsements/Guarantees;" (3) For major assets transactions or long-term equity investments, it shall be handled in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets;" (4) Purchase (sale) orders and the management of payables and receivables arising from the purchase (sales) of products shall be handled in accordance with the relevant provisions of the Company's procurement and sales cycle.</p> <p>The Company formulates anti-conflict of interest policies in relevant internal control and management, and provides appropriate channels for the Company's personnel to proactively explain whether they have potential conflicts of interest with the Company.</p> <p>3. Minimizing incentives to pursue personal gain:</p> <p>The Company's personnel shall prevent from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company</p>	<p>guarantee is provided, it shall be handled in accordance with the Company's "Regulation Governing Making of Endorsements/Guarantees;" (3) For major assets transactions or long-term equity investments, it shall be handled in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets;" (4) Purchase (sale) orders and the management of payables and receivables arising from the purchase (sales) of products shall be handled in accordance with the relevant provisions of the Company's procurement and sales cycle.</p> <p>The Company formulates anti-conflict of interest policies in relevant internal control and management, and provides appropriate channels for the Company's personnel to proactively explain whether they have potential conflicts of interest with the Company.</p> <p>3. Minimizing incentives to pursue personal gain:</p> <p>The Company's personnel shall prevent from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or</p>	
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	<p>property or information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p><b><u>Insiders of the Company are prohibited from trading their shareholding during the 30-day period prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.</u></b></p> <p>4.~8. Omitted.</p> <p>9. Encouraging reporting on illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to an Independent Director, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. <b><u>To encourage reporting of illegal matters, the Company shall stipulate a whistleblower system that allows anonymous reporting and protects the whistleblower's identity</u></b> from</p>	<p>information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p>4.~8. Omitted.</p> <p>9. Encouraging reporting on illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to an Independent Director, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. <b><u>In order to encourage employees to report any violation committed, the Company should handle the reported event in a confidential manner, objectively verify it through</u></b></p>	
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	retaliation.	<u>independent channels, and do its utmost to protect the safety of the reporters</u> from retaliation.	
	10. Omitted.	10. Omitted.	
Article 5	<p>Enforcement</p> <p><u>The Principle has been agreed by the Sustainable Development Committee, approved by the Board and reported in the shareholders' meeting for follow-up execution. Any future amendments to the Principles shall be agreed by the Sustainable Development Committee and sent to the Board for resolution.</u></p>	<p>Enforcement</p> <p><u>The Code of Ethical Conduct shall be effective once approved by of the Audit Committee and the Board of Directors, and submitted to shareholders meeting. The same applies in case of revision.</u></p>	<p>To comply with the amendments to operational needs.</p>

**Independent Auditors' Report**

To: TAIWAN PAIHO LIMITED

**Audit Opinion**

We have audited the accompanying consolidated financial statements of Taiwan Paiho Limited and its subsidiaries (collectively the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated income statement, consolidated statement of cash flows for the years then ended, and notes to consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our reports. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters are addressed in the context of our audit of the consolidated financial statements as a whole and informing our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter for the consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Recognition of sales revenue

The main business items of the Group include the manufacturing and sale of touch fasteners, webbing shoelaces, elastic, and relevant peripheral materials as well as the sale of residential buildings constructed by construction contractors. Among all, the revenue from the sale of webbing shoelaces significantly influences the operating revenue and profit of the Group. Therefore, we include the above-mentioned sales revenue as a key audit matter. Please refer to Note 4 to Consolidated Financial Statements.

We have conducted procedures related to the matters included the following, among others:

1. We understood the design and implementation of internal controls and procedures for recognizing the sales revenue, and sampled and verified the appropriateness of the original orders approved.
2. We picked samples from the statement of webbing shoelaces sales, compared to relevant documents, including order form, shipping order, and sales invoice, and checked the payment collection to verify the authenticity of revenue recognition.

**Miscellaneous**

We have also audited the parent only financial statements of Taiwan Paiho Limited as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and the IFRS, IAS, IFRIC, and SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operation, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements.**

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statement.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We have also conducted the following work:

1. Identify and assess the risk of material misstatement of the consolidated financial statement whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to



continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may responsibly be thought to bear on our independence (including related applicable safeguard).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and therefore the audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Taiwan

Shu-Chin Chiang CPA

Ting-Chien Su CPA

March 24, 2023

#### Notice to Readers

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

## TAIWAN PAIHO LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 3,728,083	12	\$ 3,531,290	12
1110	Financial assets at fair value through profit and loss – current (Notes 4 and 7)	141,102	-	-	-
1136	Financial assets measured at amortized cost – current (Notes 4 and 9)	230,769	1	221,866	1
1150	Notes receivable (Notes 4 and 10)	56,857	-	140,824	-
1170	Trade receivables (Notes 4 and 10)	2,066,491	6	2,835,196	10
1200	Other receivable (Note 4)	171,027	1	347,011	1
1310	Inventories – manufacturing (Notes 4 and 11)	3,051,293	10	3,035,641	11
1320	Inventory – constructing (Notes 4 and 11)	2,273,955	7	2,756,659	10
1470	Other current assets (Notes 17 and 25)	940,094	3	679,164	2
11XX	Total current assets	<u>12,659,671</u>	<u>40</u>	<u>13,547,651</u>	<u>47</u>
	Non-current assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4, 9 and 31)	117,634	-	289,073	1
1600	Property, plant and equipment (Notes 4, 13 and 31)	16,531,780	52	12,328,979	43
1755	Right-of-use assets (Notes 4 and 14)	1,522,719	5	1,463,606	5
1760	Investment property (Notes 4 and 15)	138,977	-	142,865	-
1805	Goodwill (Note 4 and 16)	181,031	1	191,041	1
1821	Other intangible assets (Notes 4)	26,819	-	4,469	-
1840	Deferred income tax assets (Notes 4 and 25)	179,381	1	354,358	1
1915	Prepayment for machinery and equipment	391,423	1	543,815	2
1995	Other non-current assets (Note 17)	84,111	-	70,005	-
15XX	Total non-current assets	<u>19,173,875</u>	<u>60</u>	<u>15,388,211</u>	<u>53</u>
1XXX	Total assets	<u>\$ 31,833,546</u>	<u>100</u>	<u>\$ 28,935,862</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2102	Short-term borrowings (Note 18)	\$ 6,659,884	21	\$ 2,863,774	10
2130	Contractual liabilities – current (Notes 4, 23, 30 and 32)	32,558	-	998,329	3
2150	Notes payable	76,838	-	104,865	-
2170	Trade payables	570,458	2	882,034	3
2200	Other payables (Notes 19 and 24)	1,620,065	5	1,659,901	6
2230	Current tax liabilities (Notes 4 and 25)	1,033,977	3	1,016,382	4
2280	Lease liabilities – current (Notes 4, 14 and 30)	17,917	-	30,458	-
2320	Current portion of long-term borrowings (Notes 18 and 31)	4,629,791	15	576,310	2
2399	Other current liabilities (Note 4)	43,798	-	80,765	-
21XX	Total current liabilities	<u>14,685,286</u>	<u>46</u>	<u>8,212,818</u>	<u>28</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 18 and 31)	727,909	2	5,247,409	18
2570	Deferred tax liabilities (Notes 4 and 25)	1,553,592	5	1,384,016	5
2580	Lease liabilities – non-current (Notes 4, 14 and 30)	38,014	-	96,613	1
2630	Deferred revenue – non-current (Note 4 and 14)	126,665	-	84,498	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 20)	199,566	1	266,100	1
2645	Guarantee deposits received	14,314	-	14,049	-
25XX	Total non-current liabilities	<u>2,660,060</u>	<u>8</u>	<u>7,092,685</u>	<u>25</u>
2XXX	Total liabilities	<u>17,345,346</u>	<u>54</u>	<u>15,305,503</u>	<u>53</u>
	Equity attributable to owners of the Corporation				
3110	Common stock	2,979,639	9	2,979,639	10
3200	Capital surplus	728,084	2	727,977	3
	Retained earnings				
3310	Legal reserve	1,841,652	6	1,640,637	6
3320	Special reserve	737,099	2	572,198	2
3350	Unappropriated earnings	5,668,283	18	5,577,139	19
3400	Other equity interest	( 170,388 )	-	( 737,099 )	( 3 )
31XX	Total equity attributable to owners of the Corporation	<u>11,784,369</u>	<u>37</u>	<u>10,760,491</u>	<u>37</u>
36XX	Non-controlling interests	<u>2,703,831</u>	<u>9</u>	<u>2,869,868</u>	<u>10</u>
3XXX	Total equity	<u>14,488,200</u>	<u>46</u>	<u>13,630,359</u>	<u>47</u>
	Total liabilities and equity	<u>\$ 31,833,546</u>	<u>100</u>	<u>\$ 28,935,862</u>	<u>100</u>

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Net sale (Notes 4 and 28)	\$ 16,270,386	100	\$ 18,287,786	100
5000	Cost of operation (Notes 4, 11, 23, 24 and 30)	<u>10,679,805</u>	<u>65</u>	<u>11,359,265</u>	<u>62</u>
5950	Gross profit	<u>5,590,581</u>	<u>35</u>	<u>6,928,521</u>	<u>38</u>
	Operating expense (Notes 24 and 30)				
6100	Sales and marketing expenses	1,449,409	9	1,447,989	8
6200	General and administrative expenses	980,204	6	925,779	5
6300	Research and development expenses	543,759	3	558,247	3
6450	Expected credit loss (gain) (Note 10)	( <u>97,539</u> )	<u>-</u>	<u>18,694</u>	<u>-</u>
6000	Total operating expense	<u>2,875,833</u>	<u>18</u>	<u>2,950,709</u>	<u>16</u>
6900	Profit from operations	<u>2,714,748</u>	<u>17</u>	<u>3,977,812</u>	<u>22</u>
	Non-operating income and expense				
7010	Government grant (Note 4)	27,230	-	60,780	-
7100	Interest income (Note 4)	47,289	-	88,745	1
7190	Other income (Note 4)	95,080	1	86,570	-
7510	Financial costs (Notes 4, 24 and 30)	( 289,752 )	( 2 )	( 137,897 )	( 1 )
7590	Other expenses (Note 4 and 24)	( 135,474 )	( 1 )	( 31,638 )	-
7630	Net foreign exchange profit (loss) (Note 4 and 24)	<u>111,513</u>	<u>1</u>	( <u>17,475</u> )	<u>-</u>
7000	Total non-operating income and expense	( <u>144,114</u> )	( <u>1</u> )	<u>49,085</u>	<u>-</u>
7900	Profit before income tax	2,570,634	16	4,026,897	22

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Code		2022		2021	
		Amount	%	Amount	%
7950	Income tax expense (Notes 4 and 25)	<u>781,853</u>	<u>5</u>	<u>1,360,847</u>	<u>7</u>
8200	Net Profit for the Year	<u>1,788,781</u>	<u>11</u>	<u>2,666,050</u>	<u>15</u>
	Other comprehensive income (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 20)	59,159	-	21,231	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	4,178	-	-	-
8349	and income tax related to items that will not be reclassified (Notes 25)	( <u>8,405</u> )	<u>-</u>	( <u>2,067</u> )	<u>-</u>
		<u>54,932</u>	<u>-</u>	<u>19,164</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	645,071	4	( 254,766 )	( 1 )
8399	and income tax related to items likely to be reclassified to profit or loss (Notes 25)	( <u>134,259</u> )	( <u>1</u> )	<u>41,225</u>	<u>-</u>
		<u>510,812</u>	<u>3</u>	( <u>213,541</u> )	( <u>1</u> )
8300	Other comprehensive income for the period	<u>565,744</u>	<u>3</u>	( <u>194,377</u> )	( <u>1</u> )
8500	Total comprehensive income for the year	<u>\$ 2,354,525</u>	<u>14</u>	<u>\$ 2,471,673</u>	<u>14</u>
	Net income attributable to:				
8610	Owners of the Corporation	\$ 1,520,410	9	\$ 2,059,783	11
8620	Non-controlling interests	<u>268,371</u>	<u>2</u>	<u>606,267</u>	<u>4</u>
8600		<u>\$ 1,788,781</u>	<u>11</u>	<u>\$ 2,666,050</u>	<u>15</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Total comprehensive income attributable to:				
8710	Owners of the Corporation	\$ 2,104,083	13	\$ 1,908,774	11
8720	Non-controlling interests	<u>250,442</u>	<u>1</u>	<u>562,899</u>	<u>3</u>
8700		<u>\$ 2,354,525</u>	<u>14</u>	<u>\$ 2,471,673</u>	<u>14</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 5.10</u>		<u>\$ 6.91</u>	
9850	Diluted	<u>\$ 5.09</u>		<u>\$ 6.90</u>	

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

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 December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent Company (Note 4)											
		Capital reserve (Note 22)				Other equity items (Note 8 and 22)							
				Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Disposal or Acquisition		Retained Earnings (Notes 8 and 22)			Exchange Differences on Translating Foreign Operations	Unrealized Profit or Loss of Financial Assets at FVTOCI		Non-Controlling Interests	Total Equity
Code		Common Stock (Note 22)	Premium from Stock		Donation Assets	Legal Reserve	Special Reserve	Unappropriated Earnings			Total		
A1	Balance 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	Donation from shareholders	-	-	-	51	-	-	-	-	-	51	-	51
	Appropriation of 2020 earnings												
B1	Legal reserve	-	-	-	-	153,010	-	( 153,010 )	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	123,855	( 123,855 )	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 893,892 )	-	-	( 893,892 )	-	( 893,892 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 63,527 )	-	-	( 63,527 )	( 185,261 )	( 248,788 )
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	( 152,673 )	( 152,673 )
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	2,059,783	-	-	2,059,783	606,267	2,666,050
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	13,892	( 164,901 )	-	( 151,009 )	( 43,368 )	( 194,377 )
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	2,073,675	( 164,901 )	-	1,908,774	562,899	2,471,673
Z1	Balance at December 31, 2021	2,979,639	615,831	111,914	232	1,640,637	572,198	5,577,139	( 707,424 )	( 29,675 )	10,760,491	2,869,868	13,630,359
C3	Donation from shareholders	-	-	-	107	-	-	-	-	-	107	-	107
	Appropriation of 2021 earnings												
B1	Legal reserve	-	-	-	-	201,015	-	( 201,015 )	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	164,901	( 164,901 )	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 1,042,874 )	-	-	( 1,042,874 )	-	( 1,042,874 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 37,438 )	-	-	( 37,438 )	( 35,115 )	( 72,553 )
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	( 381,364 )	( 381,364 )
D1	Net income for the year ended December 31, 2022	-	-	-	-	-	-	1,520,410	-	-	1,520,410	268,371	1,788,781
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	42,459	537,036	4,178	583,673	( 17,929 )	565,744
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,562,869	537,036	4,178	2,104,083	250,442	2,354,525
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	( 25,497 )	-	25,497	-	-	-
Z1	Balance at December 31, 2022	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 339	\$ 1,841,652	\$ 737,099	\$ 5,668,283	(\$ 170,388)	\$ -	\$ 11,784,369	\$ 2,703,831	\$ 14,488,200

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

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 December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 2,570,634	\$ 4,026,897
A20010	Incomes and expense items:		
A20100	Depreciation expense	1,253,549	1,280,549
A20200	Amortization expense	1,452	831
A20300	Expected credit loss recognized (gain on reversal)	( 97,539)	18,694
A20900	Finance costs	289,752	137,897
A21200	Interest income	( 47,289)	( 88,745)
A22500	Loss from disposal of property, plant and equipment	8,207	300
A23700	Impairment loss recognized on non-financial assets	316,410	137,189
A24100	Unrealized foreign currency exchange loss, net	( 35,525)	352
A29900	Loss from disposal of subsidiaries	7,984	-
A29900	Others	( 700)	( 55,523)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss (FVTPL)	( 144,616)	640,936
A31130	Notes receivable	85,845	37,329
A31150	Trade receivables	1,020,435	( 439,394)
A31180	Other receivables	229,838	117,076
A31200	Inventories – manufacturing	( 4,649)	( 985,518)
A31200	Inventories – construction	270,734	275,049
A31240	Other current assets	( 198,014)	( 25,233)
A32125	Contractual liabilities	( 965,771)	( 2,169,361)
A32130	Notes payable	( 28,027)	43,664
A32150	Trade payables	( 347,314)	278,168
A32180	Other payables	( 370,726)	197,597
A32210	Deferred income	48,728	-
A32230	Other current liabilities	( 37,236)	( 8,340)
A32240	Net defined benefit liabilities	( 8,605)	4,256
A33000	Cash generated from operations	3,817,557	3,424,670
A33100	Interest received	47,289	88,745
A33300	Interest paid	( 258,767)	( 142,668)
A33500	Income tax paid	( 538,231)	( 1,081,942)
AAAA	Net cash generated from operating activities	<u>3,067,848</u>	<u>2,288,805</u>

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Code		2022	2021
	Cash flow from investment activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	4,178	-
B00040	Purchase of financial assets at amortized cost	( 1,120,731 )	( 2,664,317 )
B00050	Proceeds from disposal of financial assets at amortized cost	1,350,822	3,008,166
B02300	Net cash inflow from disposal of subsidiaries (Note 27)	31,134	-
B02700	Payments for property, plant and equipment	( 3,286,677 )	( 840,771 )
B02800	Proceeds from disposal of property, plant and equipment	11,709	12,628
B03700	Decrease (increase) in refundable deposits	( 3,032 )	( 28,080 )
B04500	Procurement of intangible assets	( 11,672 )	( 2,356 )
B05350	Payments for right-of-use assets	( 3,720 )	-
B06700	Decrease (increase) in other non-current assets	( 13,462 )	7,619
B07100	Increase of prepayment for machinery and equipment	( 413,202 )	( 622,924 )
BBBB	Net cash used in investing activities	( 3,454,653 )	( 1,130,035 )
	Cash flow from financing activities		
C00100	Net decrease (increase) in short-term borrowings	3,327,327	( 1,030,090 )
C01600	Proceeds from long-term borrowings	2,975,600	5,757,359
C01700	Repayment of long-term borrowings	( 3,859,573 )	( 6,834,378 )
C03000	Proceeds of guarantee deposits returned	( 1,213 )	( 3,050 )
C04020	Repayment of the principal portion of lease liabilities	( 27,322 )	( 62,458 )
C04500	Distribution of cash dividend	( 1,042,874 )	( 893,892 )
C05700	Income taxes paid on disposal of subsidiary	( 72,553 )	( 264,011 )
C05800	Dividends paid to non-controlling interests	( 381,364 )	( 152,673 )
C09900	Overdue dividend	107	51
CCCC	Net cash generated from (used in) financing activities	918,135	( 3,483,142 )
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	( 334,537 )	( 15,184 )
EEEE	Net increase (decrease) in cash and cash equivalents	196,793	( 2,339,556 )
E00100	Cash and cash equivalents at the beginning of period	3,531,290	5,870,846
E00200	Cash and cash equivalents at the end of period	\$ 3,728,083	\$ 3,531,290

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

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



## **Independent Auditors' Report**

To: TAIWAN PAIHO LIMITED

### **Audit Opinion**

We have audited the accompanying parent only financial statements of Taiwan Paiho Limited (the "Company"), which comprise the parent only balance sheets as of December 31, 2022 and 2021, and the parent only income statement, the parent statement of cash flows for the years then ended, and notes to the parent financial statements, (including a summary of significant accounting policies).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Only Financial Statements section of our reports. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent only financial statements for the year ended December 31, 2022. These matters are addressed in the context of our audit of the parent only financial statements as a whole and informing our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter for the parent only financial statements for the year ended December 31, 2022 is stated as follows:

### Recognition of sales revenue

The main business items of Taiwan Paiho Limited include the manufacturing and sale of touch fasteners, webbing shoelaces, elastic, and relevant peripheral materials as well as the sale of residential buildings constructed by construction contractors. Among all, the revenue from the sale of webbing shoelaces significantly influences the operating revenue and profit of the Group. Therefore, we include the above-mentioned sales revenue as a key audit matter. Please refer to Note 4 to the Parent Only Financial Statements.

We have conducted procedures related to the matters included the following, among others:

1. We understood the design and implementation of internal controls and procedures for recognizing the sales revenue, and sampled and verified the appropriateness of the original orders approved.
2. We picked samples from the statement of webbing shoelaces sales, compared to relevant documents, including order form, shipping order, and sales invoice, and checked the payment collection to verify the authenticity of revenue recognition.

### **Responsibilities of Management and Those Charged with Governance for the Parent Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Only Financial Statements.**

Our objective is to obtain reasonable assurance about whether the parent only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent only financial statement.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We have also conducted the following work:

1. Identify and assess the risk of material misstatement of the parent only financial statement whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent only financial statements, (including the disclosures), and whether the parent only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent only financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may responsibly be thought to bear on our independence (including related applicable safeguard).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent only financial statements for the year ended December 31, 2022 and therefore the audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Taiwan

Shu-Ching Chiang CPA

Ting-Chien Su CPA

March 24, 2023

#### Notice to Readers

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

## TAIWAN PAIHO LIMITED

## Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 720,953	5	\$ 231,187	2
1136	Financial assets measured at amortized cost – current (Notes 4 and 7)	230,769	2	167,942	1
1150	Notes receivable (Note 4)	56,631	-	111,464	1
1170	Trade receivables (Notes 4, 8 and 23)	395,367	3	655,127	4
1200	Other receivable (Note 23)	8,133	-	14,071	-
1310	Inventories (Notes 4 and 9)	496,602	3	552,676	4
1470	Other current assets (Note 13)	41,790	-	66,443	-
11XX	Total current assets	<u>1,950,245</u>	<u>13</u>	<u>1,798,910</u>	<u>12</u>
	Non-current assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4, 7 and 24)	2,910	-	269,603	2
1550	Investments accounted for using the equity method (Notes 4 and 10)	10,260,945	68	9,810,665	67
1600	Property, plant and equipment (Notes 4, 11, 23 and 24)	2,777,455	18	2,513,091	17
1755	Right-of-use assets (Notes 4 and 12)	30,613	-	31,376	-
1780	Other intangible assets	1,017	-	1,091	-
1840	Deferred tax assets (Notes 4 and 19)	60,273	-	204,415	1
1915	Prepayment for machinery and equipment	81,593	1	83,664	1
1990	Other non-current assets (Note 13)	36,501	-	20,566	-
15XX	Total non-current assets	<u>13,251,307</u>	<u>87</u>	<u>12,934,471</u>	<u>88</u>
1XXX	Total assets	<u>\$ 15,201,552</u>	<u>100</u>	<u>\$ 14,733,381</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2102	Short-term borrowings (Note 14)	\$ -	-	\$ 100,000	1
2150	Notes payable (Note 14)	76,838	-	104,865	1
2170	Trade payables (Note 23)	91,000	1	161,408	1
2200	Other payables (Note 15 and 23)	377,470	2	408,096	3
2230	Current tax liabilities (Notes 4 and 19)	315,141	2	207,404	1
2280	Lease liabilities – current (Notes 4, 12 and 23)	3,867	-	4,122	-
2320	Long-term liabilities, current portion	898,388	6	-	-
2399	Other current liabilities (Note 23)	11,473	-	28,694	-
21XX	Total current liabilities	<u>1,774,177</u>	<u>11</u>	<u>1,014,589</u>	<u>7</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 14 and 24)	200,000	1	1,527,937	10
2570	Deferred tax liabilities (Notes 4 and 19)	1,353,050	9	1,276,042	9
2580	Lease liabilities – non-current (Notes 4, 12 and 23)	27,319	-	27,673	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 16)	62,607	1	126,619	1
2645	Guarantee deposits received	30	-	30	-
25XX	Total non-current liabilities	<u>1,643,006</u>	<u>11</u>	<u>2,958,301</u>	<u>20</u>
2XXX	Total liabilities	<u>3,417,183</u>	<u>22</u>	<u>3,972,890</u>	<u>27</u>
	Equity				
3110	Common stock	2,979,639	20	2,979,639	20
3200	Capital surplus	728,084	5	727,977	5
	Retained earnings				
3310	Legal reserve	1,841,652	12	1,640,637	11
3320	Special reserve	737,099	5	572,198	4
3350	Unappropriated earnings	5,668,283	37	5,577,139	38
3400	Other equity interest	( 170,388 )	( 1 )	( 737,099 )	( 5 )
3XXX	Total equity	<u>11,784,369</u>	<u>78</u>	<u>10,760,491</u>	<u>73</u>
	Total liabilities and equity	<u>\$ 15,201,552</u>	<u>100</u>	<u>\$ 14,733,381</u>	<u>100</u>

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED

Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Net sale (Notes 4 and 23)	\$ 3,612,336	100	\$ 4,285,592	100
5000	Cost of operation (Notes 4, 9, 18 and 23)	<u>2,718,145</u>	<u>75</u>	<u>2,955,501</u>	<u>69</u>
5900	Gross profit	894,191	25	1,330,091	31
5910	Realized Gain on Transactions with Subsidiaries and Associate (Note 4)	<u>17,544</u>	<u>-</u>	<u>9,289</u>	<u>-</u>
5950	Realized Gross Profit	<u>911,735</u>	<u>25</u>	<u>1,339,380</u>	<u>31</u>
	Operation expenses (Notes 8, 18 and 23)				
6100	Sales and marketing expenses	332,534	9	326,460	8
6200	General and administrative expenses	130,087	4	126,349	3
6300	Research and development expenses	126,702	3	144,719	3
6450	Expected credit loss (gain)	( <u>6,685</u> )	<u>-</u>	( <u>1,408</u> )	<u>-</u>
6000	Total operating expense	<u>582,638</u>	<u>16</u>	<u>596,120</u>	<u>14</u>
6900	Profit from operations	<u>329,097</u>	<u>9</u>	<u>743,260</u>	<u>17</u>
	Non-operating income and expense				
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 4)	1,457,110	40	1,846,416	43
7100	Interest income (Note 4)	4,886	-	429	-
7190	Other income (Note 23)	49,551	1	35,046	1

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Code		2022		2021	
		Amount	%	Amount	%
7230	Net foreign exchange profit (loss) (Notes 4 and 18)	107,151	3	( 37,029 )	( 1 )
7510	Finance costs (Notes 4, 18 and 23)	( 10,137 )	-	( 14,567 )	-
7590	Other expenses (Note 18)	( 8,855 )	-	( 7,388 )	-
7000	Total non-operating income and expense	<u>1,599,706</u>	<u>44</u>	<u>1,822,907</u>	<u>43</u>
7900	Profit before income tax	1,928,803	53	2,566,167	60
7950	Income tax expense (Notes 4 and 19)	<u>408,393</u>	<u>11</u>	<u>506,384</u>	<u>12</u>
8200	Net income	<u>1,520,410</u>	<u>42</u>	<u>2,059,783</u>	<u>48</u>
	Other comprehensive income (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 16)	42,020	1	10,338	1
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	13,022	-	5,621	-
8349	Income tax relating to items that will not be reclassified subsequently to loss (Notes 19)	( 8,405 )	-	( 2,067 )	-
		<u>46,637</u>	<u>1</u>	<u>13,892</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	671,295	19	( 206,126 )	( 5 )
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 19)	( 134,259 )	( 4 )	41,225	1
		<u>537,036</u>	<u>15</u>	<u>164,901</u>	<u>4</u>
8300	Other comprehensive income or loss for the period (net of income tax)	<u>583,673</u>	<u>16</u>	<u>151,009</u>	<u>3</u>

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<u>Code</u>		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8500	Total comprehensive income for the year	<u>\$ 2,104,083</u>	<u>58</u>	<u>\$ 1,908,774</u>	<u>45</u>
	Earnings per share (Note 20)				
9750	Basic	<u>\$ 5.10</u>		<u>\$ 6.91</u>	
9850	Diluted	<u>\$ 5.09</u>		<u>\$ 6.90</u>	

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

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



## TAIWAN PAIHO LIMITED

## Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		Capital Surplus (Note 17)				Other Equity Items (Notes 4 and 17)					
		Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition				Retained Earnings (Note 17)			Exchange Differences on Translating Foreign Operations	Unrealized Profit or loss of Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity
Code		Common Stock (Note 17)	Premium from Stock		Donation Assets	Legal Reserve	Special Reserve	Unappropriated Earnings			
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
C3	Donation from shareholders	-	-	-	51	-	-	-	-	-	51
B1	Appropriation of 2020 earnings										
B3	Legal reserve	-	-	-	-	153,010	-	( 153,010 )	-	-	-
B5	Special reserve	-	-	-	-	-	123,855	( 123,855 )	-	-	-
	Cash dividends	-	-	-	-	-	-	( 893,892 )	-	-	( 893,892 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 63,527 )	-	-	( 63,527 )
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	2,059,783	-	-	2,059,783
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	13,892	( 164,901 )	-	( 151,009 )
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	2,073,675	( 164,901 )	-	1,908,774
Z1	Balance at December 31, 2021	2,979,639	615,831	111,914	232	1,640,637	572,198	5,577,139	( 707,424 )	( 29,675 )	10,760,491
C3	Donation from shareholders	-	-	-	107	-	-	-	-	-	107
B1	Appropriation of 2021 earnings										
B3	Legal reserve	-	-	-	-	201,015	-	( 201,015 )	-	-	-
B5	Special reserve	-	-	-	-	-	164,901	( 164,901 )	-	-	-
	Cash dividends	-	-	-	-	-	-	( 1,042,874 )	-	-	( 1,042,874 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 37,438 )	-	-	( 37,438 )
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	1,520,410	-	-	1,520,410
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	42,459	537,036	4,178	583,673
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,562,869	537,036	4,178	2,104,083
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	( 25,497 )	-	25,497	-
Z1	Balance at December 31, 2022	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 339	\$ 1,841,652	\$ 737,099	\$ 5,668,283	( \$ 170,388 )	\$ -	\$ 11,784,369

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

## TAIWAN PAIHO LIMITED

## Statements of Cash Flows

January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$1,928,803	\$2,566,167
A20010	Adjustments for:		
A20100	Depreciation expense	211,650	237,238
A20200	Amortization expense	514	298
A20300	Expected credit loss reversed	( 6,685)	( 1,408)
A20900	Finance costs	10,137	14,567
A21200	Interest income	( 4,886)	( 429)
A22400	Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 1,457,110)	( 1,846,416)
A22500	Loss from disposal of property, plant and equipment	-	91
A23700	Impairment loss recognized on non-financial assets	27,649	38,311
A24000	Realized gain on the transactions with subsidiaries and associates	( 17,544)	( 9,289)
A24100	Unrealized foreign currency exchange loss, net	1,494	214
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	54,833	38,317
A31150	Trade receivables	264,884	( 30,772)
A31180	Other receivables	5,938	( 3,633)
A31200	Inventories	28,426	( 207,776)
A31240	Other current assets	24,653	( 19,907)
A32130	Notes payable	( 28,027)	43,664
A32150	Trade payables	( 70,408)	( 15,575)
A32180	Other payables	( 29,175)	40,301
A32230	Other current liabilities	( 17,154)	( 31,529)
A32240	Net defined benefit liabilities	( 21,992)	( 10,462)
A33000	Cash generated from operations	906,000	801,972
A33100	Interest received	4,886	429
A33200	Dividend received	1,185,206	705,711
A33300	Interest paid	( 10,241)	( 14,512)
A33500	Income tax paid	( 222,171)	( 304,239)
AAAA	Net cash generated from operating activities	<u>1,863,680</u>	<u>1,189,361</u>

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Code		2022	2021
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 230,769)	(\$ 434,643)
B00050	Proceeds from disposal of financial assets at amortized cost	434,635	331,392
B02400	Proceeds from decapitalization of investees accounted for using the equity method	486,047	537,505
B02700	Payments for property, plant and equipment	( 409,909)	( 204,244)
B02800	Proceeds from disposal of property, plant and equipment	-	438
B03700	Increase in refundable deposits	( 15,935)	( 513)
B04500	Acquisition of Intangible Assets	( 440)	( 1,200)
B07100	Increase in prepayment for machinery and equipment	( <u>59,981</u> )	( <u>54,890</u> )
BBBB	Net cash generated from investment activities	<u>203,648</u>	<u>173,845</u>
	Cash flow from financing activities		
C00100	Net decrease in short-term borrowings	( 100,000)	( 450,000)
C01600	Proceeds from long-term borrowings	2,000,000	1,427,937
C01700	Repayments of long-term borrowings	( 2,429,549)	( 1,406,220)
C04020	Repayment of the principal portion of lease liabilities	( 5,246)	( 4,853)
C04500	Distribution of cash dividend	( 1,042,874)	( 893,892)
C09900	Overdue dividend	<u>107</u>	<u>51</u>
CCCC	Net cash used in financing activities	( <u>1,577,562</u> )	( <u>1,326,977</u> )
EEEE	Net Increase in Cash and Cash Equivalents	489,766	36,229
E00100	Cash and Cash Equivalents at the Beginning of the Year	<u>231,187</u>	<u>194,958</u>
E00200	Cash and Cash Equivalents at the End of the Year	<u>\$ 720,953</u>	<u>\$ 231,187</u>

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

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

### The List of Candidates for Directors (Including Independent Directors)

As of the closing date of the Annual Shareholders' Meeting : April 9, 2023

Items	Name	Selected Education & Experiences	Currently Holding the Position of the Company and Other Companies	Current Shareholding	Served as Independent Director for Three Terms /Explanations
Director	Sen-Mei Cheng	<ul style="list-style-type: none"> <li>• Pei-Ying Elementary School.</li> <li>• Director of Business, Song Dian Vehicle Co., Ltd.</li> <li>• General Manager of Taiwan Paiho Limited.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman and CEO of Taiwan Paiho Limited</li> <li>• Director of Dongguan Paiho Business Service Co., Ltd.</li> <li>• Director of Paiho Int'l Limited.</li> <li>• Director of He Mei Xing Ye Company Ltd.</li> <li>• Director of Vietnam Paiho Limited.</li> <li>• Director of Braits Company Limited.</li> <li>• Director of Wuxi Paisen Commerce Co., Ltd.</li> <li>• Director of Zhong Yuan Xing Ye Company Ltd.</li> <li>• Director of PT. Paiho Indonesia.</li> </ul>	4,943,976	Not Applicable
Director	Representative of Everise Investment Co., Ltd. : Cheng-Wei Cheng	<ul style="list-style-type: none"> <li>• Department of Statistics, Macquarie University.</li> <li>• Vice General Manager of President Office, Taiwan Paiho Limited.</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional Representative and General Manager, Taiwan Paiho Limited.</li> <li>• Director of Paiho North America Corporation.</li> <li>• Director of Braits Company Limited.</li> </ul>	10,757,856	Not Applicable
Director	Shui-Jin Chen	<ul style="list-style-type: none"> <li>• Department of Accounting, Soochow University.</li> <li>• Master, Graduate School of Business Administration, National Chung Cheng University.</li> <li>• CPA, Deloitte &amp; Touche.</li> </ul>	<ul style="list-style-type: none"> <li>• Accountant of Yuan-Sheng Certified Public Accountants.</li> <li>• Independent director and member of Remuneration Committee, Merida Industry Co., Ltd.</li> <li>• Independent director and</li> </ul>	0	Not Applicable

Items	Name	Selected Education & Experiences	Currently Holding the Position of the Company and Other Companies	Current Shareholding	Served as Independent Director for Three Terms /Explanations
			<ul style="list-style-type: none"> <li>member of Remuneration Committee, Cheng Shin Rubber Ind., Co., Ltd.</li> <li>• Independent director and member of Remuneration Committee, San Neng Group Holdings Co., Ltd.</li> <li>• Independent director and member of Remuneration Committee, Acelon chemicals &amp; Fiber Corporation</li> <li>• Supervisor of Linco Technology Co., Ltd.</li> <li>• Supervisor of Buffalo Machinery Co., Ltd.</li> </ul>		
Director	Cheng-Tsung Cheng	<ul style="list-style-type: none"> <li>• Department of Japanese, Macquarie University.</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Vice General Manager, Sales Department, Taiwan Paiho Limited.</li> <li>• Chairman of Vietnam Paiho Limited.</li> <li>• Chairman of PT. Paiho Indonesia.</li> <li>• Chairman of Spring Rich Limited,</li> <li>• Director of Wuxi Paisen Commerce Co., Ltd.</li> <li>• Director of Paiho Int'l Limited.</li> <li>• Director of Paiho Holdings Limited.</li> <li>• Director of Zhong Yuan Xing Ye Company Ltd.</li> <li>• Director of He Mei Xing Ye Company Ltd.</li> </ul>	5,868,424	Not Applicable
Director	Yi-Lun Cheng	<ul style="list-style-type: none"> <li>• Department of Accounting, Macquarie University.</li> <li>• Production Specialist of Finance Department,</li> </ul>	<ul style="list-style-type: none"> <li>• Manager of Finance Department, Taiwan Paiho Limited.</li> <li>• Director of PT. Paiho Indonesia.</li> </ul>	2,593,021	Not Applicable

Items	Name	Selected Education & Experiences	Currently Holding the Position of the Company and Other Companies	Current Shareholding	Served as Independent Director for Three Terms /Explanations
		Taiwan Paiho Limited.	<ul style="list-style-type: none"> <li>• Director of Vietnam Paiho Limited.</li> </ul>		
Director	Kuei-Chu Yeh	<ul style="list-style-type: none"> <li>• Master of International Business Administration, National Changhua University of Education.</li> <li>• Production Specialist, the Second Credit Cooperative Association of Changhua.</li> </ul>	<ul style="list-style-type: none"> <li>• Vice General Manager, President Office, Taiwan Paiho Limited.</li> <li>• Director of San Ho Xing Co., Ltd.</li> <li>• Supervisor of PT. Paiho Indonesia.</li> <li>• Member of Remuneration Committee, Honmyue Enterprise Co., Ltd.</li> </ul>	180,588	Not Applicable
Independent Director	Jui-Lin Lo	<ul style="list-style-type: none"> <li>• Bachelor of Accounting, Chung Yuan Christian University.</li> <li>• CPA, Deloitte &amp; Touche.</li> </ul>	<ul style="list-style-type: none"> <li>• CPA, Hsu Cheng Certified Public Accountant.</li> <li>• Independent director, member of Remuneration Committee, and member of Corporate Sustainability Committee, Taiwan Paiho Limited.</li> <li>• Independent director and member of Remuneration Committee, Giant Manufacturing Co., Ltd.</li> <li>• Independent director and member of Remuneration Committee, WFE Technology Corp.</li> </ul>	0	No
Independent Director	Chia-Yu Chen	<ul style="list-style-type: none"> <li>• Bachelor of Accounting, Providence University.</li> <li>• Master of Finance Institute, National Chiao Tung University.</li> <li>• Audit Team In-charge, PwC Taiwan.</li> <li>• Director of Audit, Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Manager of Finance Department, Elite Semiconductor Memory Technology Inc.</li> <li>• Independent director, member of Remuneration Committee, and member of Corporate</li> </ul>	0	No

Items	Name	Selected Education & Experiences	Currently Holding the Position of the Company and Other Companies	Current Shareholding	Served as Independent Director for Three Terms /Explanations
		Paiho Limited. • Certified Professional in Corporate Sustainability Management.	Sustainability Committee, Taiwan Paiho Limited.		
Independent Director	Yin-Chieh Hsu	• Department of Law, National Taipei University. • Master of Management EMBA, National Taiwan University School.	• President of HC & Partners. • Independent director and member of Remuneration Committee, Onano Industrial Corp. • Independent director and member of Remuneration Committee, Luo Lih-Fen Holding Co., Ltd. • Independent director and member of Remuneration Committee, Allied Biotech Corp • Director of EASYCARD Corporation. • Supervisor of Liuyu Cultural and Create Co., Ltd. • Director of LeadsunFox Greenergy Investment Co., Ltd.	0	No
Independent Director	Chun-Chieh Tseng	• Master of Accounting, Tamkang University. • Supervisor of Taiwan Paiho Limited.	• CPA, Hui Yi Certified Public Accountant. • Supervisor of Royal Precision Tools Corporation. • Director of Ichang Yee Steel Co., Ltd. • Adjunct Lecturer, National Taichung University of Science and Technology	0	No

### Comparison Table of Amendments to “Rules and Procedures for Shareholders’ Meetings”

Article No.	Amended Version	Original Version	Explanations
Article 1	<p>Item 1~item 2: Omitted.</p> <p><b><u>Unless otherwise provided in the "Regulations Governing the Administration of Shareholder Services of Public Companies", a company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation, and obtain a resolution of its board of directors meeting with approval by a majority vote of the directors attended by two-thirds or more of the directors.</u></b></p> <p>Changes to the means of holding the shareholders' meeting shall be subject to a resolution of the board of directors, and before the notice of the shareholders' meeting is dispatched.</p>	<p>Item 1~item 2: Omitted.</p> <p>Changes to the means of holding the shareholders' meeting shall be subject to a resolution of the board of directors, and before the notice of the shareholders' meeting is dispatched.</p>	<p>Revised, in accordance with Article 3 under “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings.”</p>
Article 2	<p>Item 1~item 2: Omitted.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the “Company Act,” , <b><u>Articles 26-1 and 43-6 of the Securities Exchange Act,</u></b></p>	<p>Item 1~item 2: Omitted.</p> <p>Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the “Company Act,” <b><u>or others in accordance</u></b></p>	<p>Revised, in accordance with Article 3 under “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings.”</p>



Article No.	Amended Version	Original Version	Explanations
	<p><u>Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</u></p> <p>Item 4~item 7: Omitted.</p>	<p><u>to relevant regulations or articles of incorporation shall be itemized in the causes and subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as an extemporary motions.</u></p> <p>Item 4~item 7: Omitted.</p>	
Article 3	<p>Item 1~item 8: Omitted.</p> <p>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> <li>1. Omitted.</li> <li>2. Omitted.</li> <li>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified. <u>Unless under a circumstance set forth in Article 44-9-6, the Regulations Governing the Administration of Shareholder Service, shall at least provide shareholders of network connection equipment and necessary assistance, also specifies the application period with the Company and other related matters requires attentions.</u></li> </ol> <p>Item 10~item 13: Omitted.</p>	<p>Item 1~item 8: Omitted.</p> <p>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> <li>1. Omitted.</li> <li>2. Omitted.</li> <li>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.</li> </ol> <p>Item 10~item 13: Omitted.</p>	<p>Revised, in accordance with Article 6-1 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."</p>

Article No.	Amended Version	Original Version	Explanations
Article 23	<p>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</p> <p><b><u>Unless under a circumstance set forth in Article 44-9-6, the Regulations Governing the Administration of Shareholder Service, shall at least provide shareholders of network connection equipment and necessary assistance, also specifies the application period with the Company and other related matters requires attentions.</u></b></p>	<p>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</p>	<p>Revised, in accordance with Article 22 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."</p>

### Comparison Table of Amendments to “Operational Procedures for Loaning of Company Funds”

Article No.	Amended Version	Original Version	Explanations
Article 4	<p>Application Procedure</p> <p>The borrower applies to the Company for a loan. An application form should be filled out for a preliminary evaluation of the responsible clerk on the intended fund use and financial position. The responsible departments are:</p> <ol style="list-style-type: none"> <li>1. Associates: Handled by the Finance Department.</li> <li>2. A Subcontractor: Handled by the Purchasing Department.</li> </ol>	<p>Application Procedure</p> <p>The borrower applies to the Company for a loan. An application form should be filled out for a preliminary evaluation of the responsible clerk on the intended fund use and financial position. The responsible departments are:</p> <ol style="list-style-type: none"> <li>1. Associates: Handled by the Finance Department.</li> <li>2. A Subcontractor <b><u>or Satellite Factory</u></b>: Handled by the Purchasing Department.</li> </ol>	To comply with the amendments to operational needs
Article 5	<p>Limit of Loan Amount</p> <ol style="list-style-type: none"> <li>1. An invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 20% of the Company's net worth.</li> <li>2. Omitted.</li> <li>3. The Company engages in loaning of fund to each borrower is limited to 40% of the Company's net worth. Loaning of funds between companies that have 100% voting held by the Company directly or indirectly not subject to the provision of</li> </ol>	<p>Limit of Loan Amount</p> <ol style="list-style-type: none"> <li>1. <b><u>A subcontractor, satellite factory, or</u></b> an invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 20% of the Company's net worth.</li> <li>2. Omitted.</li> <li>3. <b><u>The Company's loaning of funds to companies that have 100% of the voting rights held by the Company directly or indirectly are not subject to the provision of paragraph 1.</u></b> The company engages in loaning of fund to</li> </ol>	To comply with the amendments to operational needs

Article No.	Amended Version	Original Version	Explanations
	<p>paragraph 1. The loaning amount on each borrower and the total amount of funds is limited to 100% of the loaning company's worth. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.</p> <p>4.~5. Omitted.</p>	<p>borrower is limited to 40% of the Company's net worth. Loaning of funds between companies that have 100% voting held by the Company directly or indirectly <b><u>also</u></b> not subject to the provision of paragraph 1. The loaning amount on each borrower and the total amount of funds is limited to 100% of the loaning company's worth. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.</p> <p>4.~5. Omitted.</p>	

### Comparison Table of Amendments to “Regulation Governing Making of Endorsements/Guarantees”

Article No.	Amended Version	Original Version	Explanations
Article 3	<p>Total amount of endorsements/guarantees of the Company:</p> <p>1. Total amount of endorsements/guarantees of the Company shall not exceed <b>400%</b> of the net worth on the latest financial statement. The term "net worth" means the balance sheet equity attributable to the owners of the parent company.</p> <p>2. The endorsements/guarantees amount as stipulated in Article 2 (2) and Article 2 (3) and the endorsements/guarantees amount between the companies with 100% voting rights held by the Company shall not exceed <b>250%</b> of the Company's net worth; however, the total amount may not exceed the threshold stipulated in Article 3 (1).</p> <p>3.~4. Omitted.</p> <p>5. The ceilings on the amount permitted to a single entity of the Company and Subsidiary shall not exceed <b>250%</b> of the Company's net worth.</p> <p>6. Total amount of endorsements/guarantees of</p>	<p>Total amount of endorsements/guarantees of the Company:</p> <p>1. Total amount of endorsements/guarantees of the Company shall not exceed <b>250%</b> of the net worth on the latest financial statement. The term "net worth" means the balance sheet equity attributable to the owners of the parent company.</p> <p>2. The endorsements/guarantees amount as stipulated in Article 2 (2) and Article 2 (3) and the endorsements/guarantees amount between the companies with 100% voting rights held by the Company shall not exceed <b>100%</b> of the Company's net worth; however, the total amount may not exceed the threshold stipulated in Article 3 (1).</p> <p>3.~4. Omitted.</p> <p>5. The ceilings on the amount permitted to a single entity of the Company and Subsidiary shall not exceed <b>100%</b> of the Company's net worth.</p> <p>6. Total amount of endorsements/guarantees of</p>	To comply with the amendments to operational needs

Article No.	Amended Version	Original Version	Explanations
	the Company and Subsidiaries as a whole shall not exceed <b>400%</b> of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.	the Company and Subsidiaries as a whole shall not exceed <b>250%</b> of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.	
Article 4	<p>1. Omitted.</p> <p>2. Before making any endorsement/guarantee pursuant to Article 2 <b>(4)</b>, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>3.~4. Omitted.</p>	<p>1. Omitted.</p> <p>2. Before making any endorsement/guarantee pursuant to Article 2, <b>paragraph 2</b>, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>3.~4. Omitted.</p>	Modify the wording
Article 6	<p>1. Omitted.</p> <p><b><u>The chop mentioned above will be kept by a dedicated</u></b></p>	<p>1. Omitted.</p> <p><b><u>Said company seal in the preceding paragraph shall</u></b></p>	To comply with the amendments to the article 17 of the

Article No.	Amended Version	Original Version	Explanations
	<p><u>person approved by the Board. Chops used for endorsement and guarantee are handled in accordance with the Company's procedures stipulated.</u></p> <p><u>Guarantees made for foreign companies, the guarantee letter from the Company shall be signed by the person authorized by the Board.</u></p>	<p><u>be under the safekeeping of a designated person and the seal for the relevant guarantee notes shall be handled in accordance with the operating procedures prescribed by the Company.</u></p>	<p>“Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>
Article 7	<p>The endorsements/guarantees of the Company is conducted by the Finance Department. The Finance Department shall prepare an “endorsement/guarantee registration book”. The financial department’s personnel in charge shall record in detail the following information for the record: the subject of the endorsement/ guarantee, the name of the party made for the endorsement/ guarantee, the amount of the endorsement/ guarantee, <u>approved by the Board or through the decision of the Chairman</u>, and the condition and date and reason for discharging the obligation of the endorser / guarantor.</p> <p>2. Omitted.</p>	<p>The endorsements/guarantees of the Company is conducted by the Finance Department. The Finance Department shall prepare an “endorsement/guarantee registration book”. The financial department’s personnel in charge shall record in detail the following information for the record: the subject of the endorsement/ guarantee, the name of the party made for the endorsement/ guarantee, the amount of the endorsement/ guarantee, and the condition and date and reason for discharging the obligation of the endorser / guarantor.</p> <p>2. Omitted.</p>	<p>To comply with the amendments to the article 18 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>

### Contents of Candidates for New Directors and its Representatives as Non-Competition Restrictions

Title	Name	Currently Holding the Position of Other Companies
Director	Sen-Mei Cheng	<ul style="list-style-type: none"> <li>• Director of Dongguan Paiho Business Service Co., Ltd.</li> <li>• Director of Paiho Int'l Limited.</li> <li>• Director of He Mei Xing Ye Company Ltd.</li> <li>• Director of Vietnam Paiho Limited.</li> <li>• Director of Braits Company Limited.</li> <li>• Director of Wuxi Paisen Commerce Co., Ltd.</li> <li>• Director of Zhong Yuan Xing Ye Company Ltd.</li> <li>• Director of PT. Paiho Indonesia.</li> </ul>
Director	Representative of Everise Investment Co., Ltd. : Cheng-Wei Cheng	<ul style="list-style-type: none"> <li>• Director of Paiho North America Corporation.</li> <li>• Director of Braits Company Limited.</li> </ul>
Director	Shui-Jin, Chen	<ul style="list-style-type: none"> <li>• Independent director and member of Remuneration Committee, Merida Industry Co., Ltd.</li> <li>• Independent director and member of Remuneration Committee, Acelon chemicals &amp; Fiber Corporation.</li> </ul>
Director	Cheng-Tsung Cheng	<ul style="list-style-type: none"> <li>• Chairman of Vietnam Paiho Limited.</li> <li>• Chairman of PT. Paiho Indonesia.</li> <li>• Chairman of Spring Rich Limited,</li> <li>• Director of Wuxi Paisen Commerce Co., Ltd.</li> <li>• Director of Paiho Int'l Limited.</li> <li>• Director of Paiho Holdings Limited.</li> <li>• Director of Zhong Yuan Xing Ye Company Ltd.</li> <li>• Director of He Mei Xing Ye Company Ltd.</li> </ul>
Director	Yi-Lun Cheng	<ul style="list-style-type: none"> <li>• Director of PT. Paiho Indonesia.</li> <li>• Director of Vietnam Paiho Limited.</li> </ul>
Director	Kuei-Chu Yeh	<ul style="list-style-type: none"> <li>• Director of San Ho Xing Co., Ltd.</li> <li>• Supervisor of PT. Paiho Indonesia.</li> <li>• Member of Remuneration Committee, Honmyue Enterprise Co., Ltd.</li> </ul>
Independent Director	Jui-Lin Lo	<ul style="list-style-type: none"> <li>• Independent director and member of Remuneration Committee, Giant Manufacturing Co., Ltd.</li> </ul>