

**Paiho Shih Holdings Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Paiho Shih Holdings Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Paiho Shih Holdings Corporation and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ting-Chien Su and Shao-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,156,000	12	\$ 1,639,934	9	\$ 1,291,401	8
Financial assets at amortized cost - current (Note 7)	7,603	-	7,631	-	120,343	1
Notes receivable (Note 8)	-	-	169	-	5,199	-
Trade receivables (Note 8)	1,039,252	6	1,058,032	6	1,532,780	10
Trade receivables - related parties (Notes 8 and 25)	6,012	-	9,015	-	20,910	-
Other receivables (Note 25)	25,063	-	23,496	-	47,624	-
Inventories - manufacturing (Note 9)	1,307,225	7	1,298,558	7	1,411,603	9
Inventories - constructing (Note 9)	2,266,626	12	2,273,955	13	3,110,142	19
Other current assets (Note 14)	724,306	4	608,631	4	629,715	4
Total current assets	7,532,087	41	6,919,421	39	8,169,717	51
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 7 and 26)	61,485	-	107,092	1	12,978	-
Property, plant and equipment (Note 11)	9,588,079	52	9,189,388	52	6,334,774	39
Right-of-use assets (Note 12)	956,073	5	966,504	5	905,876	6
Goodwill (Note 13)	136,641	1	138,669	1	128,768	1
Other intangible assets	7,576	-	7,734	-	28	-
Deferred tax assets (Note 22)	88,277	-	86,951	-	151,043	1
Prepayments for machinery and equipment	98,606	1	331,952	2	318,627	2
Other non-current assets (Note 14)	30,160	-	30,949	-	31,548	-
Total non-current assets	10,966,897	59	10,859,239	61	7,883,642	49
TOTAL	\$ 18,498,984	100	\$ 17,778,660	100	\$ 16,053,359	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 6,721,821	36	\$ 5,661,809	32	\$ 2,335,145	15
Contract liabilities - current (Note 20)	19,054	-	28,836	-	1,177,143	7
Trade payables	309,541	2	442,911	3	603,010	4
Trade payables - related parties (Note 25)	31,998	-	41,634	-	72,826	-
Other payables (Notes 16 and 25)	713,995	4	809,175	5	1,234,788	8
Current tax liabilities (Note 22)	9,330	-	218,468	1	295,017	2
Lease liabilities - current (Note 12)	1,722	-	1,937	-	8,628	-
Current portion of long-term borrowings (Note 15)	68,515	1	3,637,467	20	357,813	2
Other current liabilities	34,909	-	28,344	-	44,096	-
Total current liabilities	7,910,885	43	10,870,581	61	6,128,466	38
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	4,300,403	23	497,199	3	3,710,540	23
Deferred tax liabilities (Note 22)	543,671	3	565,362	3	454,166	3
Lease liabilities - non-current (Note 12)	529	-	804	-	2,622	-
Deferred revenue - non-current	125,477	-	126,665	1	86,959	1
Net defined benefit liabilities - non-current (Note 17)	139,528	1	136,959	1	147,866	1
Guarantee deposits received	9,744	-	10,702	-	10,842	-
Total non-current liabilities	5,119,352	27	1,337,691	8	4,412,995	28
Total liabilities	13,030,237	70	12,208,272	69	10,541,461	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Common stock	3,151,781	17	3,151,781	18	3,151,781	20
Capital surplus	456,751	3	456,751	2	456,751	3
Retained earnings						
Special reserve	497,668	3	497,668	3	418,225	2
Unappropriated earnings	1,884,322	10	2,031,850	11	1,755,518	11
Other equity	(522,265)	(3)	(568,162)	(3)	(271,012)	(2)
Total equity attributable to owners of the Corporation	5,468,257	30	5,569,888	31	5,511,263	34
NON-CONTROLLING INTERESTS						
	490	-	500	-	635	-
Total equity	5,468,747	30	5,570,388	31	5,511,898	34
TOTAL	\$ 18,498,984	100	\$ 17,778,660	100	\$ 16,053,359	100

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Notes 20 and 25)	\$ 1,209,215	100	\$ 1,887,341	100
COST OF GOODS SOLD (Notes 9, 20, 21 and 25)	<u>855,578</u>	<u>70</u>	<u>1,213,756</u>	<u>64</u>
GROSS PROFIT	<u>353,637</u>	<u>30</u>	<u>673,585</u>	<u>36</u>
OPERATING EXPENSES (Notes 21 and 25)				
Selling and marketing expenses	132,885	11	186,347	10
General and administrative expenses	165,571	14	134,813	7
Research and development expenses	98,817	8	92,190	5
Expected credit loss (Note 8)	<u>110</u>	<u>-</u>	<u>29,204</u>	<u>2</u>
Total operating expenses	<u>397,383</u>	<u>33</u>	<u>442,554</u>	<u>24</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(43,746)</u>	<u>(3)</u>	<u>231,031</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue	6,615	-	2,206	-
Finance costs (Note 21)	(113,979)	(9)	(27,718)	(1)
Interest income	4,122	-	3,890	-
Other income (Note 25)	6,836	1	4,584	-
Net loss on disposal of property, plant and equipment	(45)	-	(317)	-
Net foreign exchange loss (Note 21)	(9,280)	(1)	(7,729)	-
Other expenses	<u>(12,296)</u>	<u>(1)</u>	<u>(6,125)</u>	<u>-</u>
Total non-operating income and expenses	<u>(118,027)</u>	<u>(10)</u>	<u>(31,209)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(161,773)	(13)	199,822	11
INCOME TAX EXPENSE (BENEFIT) (Note 22)	<u>(14,230)</u>	<u>(1)</u>	<u>55,241</u>	<u>3</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>(147,543)</u>	<u>(12)</u>	<u>144,581</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation to presentation currency	(47,259)	(4)	205,855	11

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 93,161	8	\$ 20,823	1
Other comprehensive income for the period	45,902	4	226,678	12
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (101,641)</u>	<u>(8)</u>	<u>\$ 371,259</u>	<u>20</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (147,528)	(12)	\$ 144,560	8
Non-controlling interests	(15)	-	21	-
	<u>\$ (147,543)</u>	<u>(12)</u>	<u>\$ 144,581</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (101,631)	(8)	\$ 371,216	20
Non-controlling interests	(10)	-	43	-
	<u>\$ (101,641)</u>	<u>(8)</u>	<u>\$ 371,259</u>	<u>20</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	\$ (0.47)		\$ 0.46	
Diluted	\$ (0.47)		\$ 0.46	

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)**

	Equity Attributable to Owners of the Corporation							Non-controlling Interests	Total Equity
	Common Stock (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 20)		Exchange Differences on Translating Foreign Operations	Total			
			Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 3,151,781	\$ 456,751	\$ 418,225	\$ 2,398,903	\$ (497,668)	\$ 5,927,992	\$ 592	\$ 5,928,584	
Appropriation of 2021 earnings	-	-	-	(787,945)	-	(787,945)	-	(787,945)	
Cash dividend	-	-	-	(787,945)	-	(787,945)	-	(787,945)	
Net profit for the three months ended March 31, 2022	-	-	-	144,560	-	144,560	21	144,581	
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	226,656	226,656	22	226,678	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	144,560	226,656	371,216	43	371,259	
BALANCE AT MARCH 31, 2022	\$ 3,151,781	\$ 456,751	\$ 418,225	\$ 1,755,518	\$ (271,012)	\$ 5,511,263	\$ 635	\$ 5,511,898	
BALANCE AT JANUARY 1, 2023	\$ 3,151,781	\$ 456,751	\$ 497,668	\$ 2,031,850	\$ (568,162)	\$ 5,569,888	\$ 500	\$ 5,570,388	
Net loss for the three months ended March 31, 2023	-	-	-	(147,528)	-	(147,528)	(15)	(147,543)	
Other comprehensive gain (loss) for the three months ended March 31, 2023	-	-	-	-	45,897	45,897	5	45,902	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	(147,528)	45,897	(101,631)	(10)	(101,641)	
BALANCE AT MARCH 31, 2023	\$ 3,151,781	\$ 456,751	\$ 497,668	\$ 1,884,322	\$ (522,265)	\$ 5,468,257	\$ 490	\$ 5,468,747	

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (161,773)	\$ 199,822
Adjustments for :		
Depreciation expense	185,718	163,255
Amortization expense	201	5
Expected credit loss recognized on trade receivables	110	29,204
Finance costs	113,979	27,718
Interest income	(4,122)	(3,890)
Loss on disposal of property, plant and equipment	45	317
Write-down of inventories	19,629	20,120
Unrealized foreign currency exchange loss, net	2,021	-
Others	(1,899)	(673)
Changes in operating assets and liabilities		
Notes receivable	167	2,107
Trade receivables	10,263	(43,986)
Other receivables	(1,904)	(15,864)
Inventories - manufacturing	(47,318)	(127,230)
Inventories - constructing	20,095	(265,355)
Other current assets	(53,731)	(63,661)
Contract liabilities	(9,359)	153,723
Trade payables	(134,957)	(140,461)
Other payables	(247,828)	(306,560)
Other current liabilities	14,322	(3,048)
Net defined benefit liabilities	2,530	8,425
Cash used in operations	(293,811)	(366,032)
Interest received	4,122	3,890
Interest paid	(102,682)	(29,786)
Income tax paid	(268,973)	(59,340)
Net cash used in operating activities	<u>(661,344)</u>	<u>(451,268)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(8,211)	(836,105)
Proceeds from disposal of financial assets at amortized cost	52,851	780,085
Payments for property, plant and equipment	(183,271)	(284,038)
Proceeds from disposal of property, plant and equipment	14	1,212
Decrease (increase) in refundable deposits	(114)	13,759
Increase in other non-current assets	(1,241)	(3,794)
Increase in prepayments for machinery and equipment	(24,072)	(74,073)
Net cash used in investing activities	<u>(164,044)</u>	<u>(402,954)</u>

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PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 1,135,674	\$ 486,525
Proceeds from long-term borrowings	2,433,418	19,596
Repayments of long-term borrowings	(2,158,045)	(81,877)
Refund of guarantee deposits received	(866)	(7)
Repayment of the principal portion of lease liabilities	<u>(457)</u>	<u>(2,066)</u>
Net cash generated from financing activities	<u>1,409,724</u>	<u>422,171</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(68,270)</u>	<u>63,837</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	516,066	(368,214)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,639,934</u>	<u>1,659,615</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,156,000</u>	<u>\$ 1,291,401</u>

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Paiho Shih Holdings Corporation (the “Corporation”) was incorporated on November 6, 2006. It was established in the Cayman Islands and its main business is international investment.

The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since May 18, 2011.

The functional currency of the Corporation is the United States dollar. For greater comparability and consistency in financial reporting, the consolidated financial statements of the Corporation and its subsidiaries (collectively, the “Group”) are presented in New Taiwan dollars since the Corporation’s shares are listed on the TWSE.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 11, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC.

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

See Note 10, Tables 6 and 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. For other-related information, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Petty cash and cash on hand	\$ 14,464	\$ 11,799	\$ 18,818
Checking accounts and demand deposits	1,266,954	866,740	660,308
Cash equivalents (deposit accounts with original maturities of less than 3 months)	<u>874,582</u>	<u>761,395</u>	<u>612,275</u>
	<u>\$ 2,156,000</u>	<u>\$ 1,639,934</u>	<u>\$ 1,291,401</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Time deposits with original maturity of more than 3 months	\$ 7,603	\$ 7,631	\$ 7,130
Restricted deposits	<u>-</u>	<u>-</u>	<u>113,213</u>
	<u>\$ 7,603</u>	<u>\$ 7,631</u>	<u>\$ 120,343</u>
<u>Non-current</u>			
Time deposits with original maturity of more than 3 months	\$ 8,196	\$ -	\$ -
Restricted deposits	<u>53,289</u>	<u>107,092</u>	<u>12,978</u>
	<u>\$ 61,485</u>	<u>\$ 107,092</u>	<u>\$ 12,978</u>

Refer to Note 26 for information relating to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 5,199</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,047,279	\$ 1,069,034	\$ 1,667,531
Less: Allowance for impairment loss	<u>(2,015)</u>	<u>(1,987)</u>	<u>(113,841)</u>
	<u>\$ 1,045,264</u>	<u>\$ 1,067,047</u>	<u>\$ 1,553,690</u>

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. Lifetime ECLs are calculated using provision matrix, factoring into past default history and current financial standing of the customers, as well as industry condition and prospects. Based on the credit loss history, in terms of loss patterns, there have not been significant differences across the customer groups for the Group; therefore, a unified expected credit loss rate using the number of days overdue was determined, without assigning a provision matrix for individual customer group.

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

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

	0 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 181 Days	Total
<u>March 31, 2023</u>						
Expected credit loss rate	0.04%	0.04%	0.04%	0.04%	0.04%-100%	
Gross carrying amount	\$ 930,932	\$ 64,372	\$ 22,953	\$ 8,445	\$ 20,577	\$ 1,047,279
Loss allowance (Lifetime ECLs)	<u>(368)</u>	<u>(26)</u>	<u>(9)</u>	<u>(3)</u>	<u>(1,609)</u>	<u>(2,015)</u>
Amortized cost	<u>\$ 930,564</u>	<u>\$ 64,346</u>	<u>\$ 22,944</u>	<u>\$ 8,442</u>	<u>\$ 18,968</u>	<u>\$ 1,045,264</u>
<u>December 31, 2022</u>						
Expected credit loss rate	0.04%	0.04%	0.04%	0.04%	0.04%-100%	
Gross carrying amount	\$ 933,529	\$ 68,129	\$ 28,286	\$ 8,193	\$ 30,897	\$ 1,069,034
Loss allowance (Lifetime ECLs)	<u>(372)</u>	<u>(27)</u>	<u>(10)</u>	<u>(3)</u>	<u>(1,575)</u>	<u>(1,987)</u>
Amortized cost	<u>\$ 933,157</u>	<u>\$ 68,102</u>	<u>\$ 28,276</u>	<u>\$ 8,190</u>	<u>\$ 29,322</u>	<u>\$ 1,067,047</u>
<u>March 31, 2022</u>						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	\$ 1,355,799	\$ 176,591	\$ 86,660	\$ 19,805	\$ 28,676	\$ 1,667,531
Loss allowance (Lifetime ECLs)	<u>(13,332)</u>	<u>(31,884)</u>	<u>(31,569)</u>	<u>(14,646)</u>	<u>(22,410)</u>	<u>(113,841)</u>
Amortized cost	<u>\$ 1,342,467</u>	<u>\$ 144,707</u>	<u>\$ 55,091</u>	<u>\$ 5,159</u>	<u>\$ 6,266</u>	<u>\$ 1,553,690</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 1,987	\$ 81,176
Add: Net remeasurement of loss allowance	110	29,204
Less: Amounts written off	(51)	(212)
Foreign exchange gains and losses	<u>(31)</u>	<u>3,673</u>
Balance at March 31	<u>\$ 2,015</u>	<u>\$ 113,841</u>

9. INVENTORIES

a. Manufacturing

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 427,029	\$ 435,540	\$ 534,366
Work in process	476,428	436,132	440,519
Raw materials and supplies	399,341	406,938	419,655
Inventory in transit	<u>4,427</u>	<u>19,948</u>	<u>17,063</u>
	<u>\$ 1,307,225</u>	<u>\$ 1,298,558</u>	<u>\$ 1,411,603</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was \$840,437 thousand and \$1,071,413 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of \$19,629 thousand and \$20,120 thousand.

b. Construction industry

	March 31, 2023	December 31, 2022	March 31, 2022
Construction under development	\$ -	\$ -	\$ 2,309,687
Construction to be sold	<u>2,266,626</u>	<u>2,273,955</u>	<u>800,455</u>
	<u>\$ 2,266,626</u>	<u>\$ 2,273,955</u>	<u>\$ 3,110,142</u>

Construction under development

Location	Project Name	Estimated Year of Completion	March 31, 2023	December 31, 2022	March 31, 2022
Xishan District, Wuxi	Paiho Business Plaza	2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,309,687</u>

Construction to be sold

Location	Project Name	March 31, 2023	December 31, 2022	March 31, 2022
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 260,725	\$ 274,500	\$ 327,713
	Paiho International Mansion - Season Two	274,967	273,437	472,742
	Paiho Business Plaza	<u>1,730,934</u>	<u>1,726,018</u>	<u>-</u>
		<u>\$ 2,266,626</u>	<u>\$ 2,273,955</u>	<u>\$ 800,455</u>

The cost of inventories recognized as cost of real estate sold for the three months ended March 31, 2023 and 2022 was \$15,141 thousand and \$142,343 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Corporation	Hong Kong Antex Limited Hon Shin Corp.	International investment	100	100	100	-
		International investment and trading	100	100	100	-
Hong Kong Antex Limited	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of touch fastener, webbing and embroidery	99.99	99.99	99.99	1
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven products	100	100	100	-
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Dongguan Paihong Industry Co., Ltd	Production & marketing of touch fastener, elastic, various type of webbings and jacquard engineered mesh, and consumer electronic accessories, etc.	100	100	100	-
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.	100	100	100	-
	Shanghai Best Expectation Textile Trading Limited	International investment and trading	51	51	100	-
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	Production and sales of masks and non-woven products	49	49	-	-
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	International investment and trading	100	100	-	-
Hon Shin Corp.	Vietnam Paihong Limited Company	Production & marketing of mesh and other fabrics.	-	-	100	2
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company		100	100	-	2

Note 1: The original company name was Wuxi Paiho Textile Co., Limited, and it changed its company name to Thomas Dynamic Material (Jiangsu) Co., Ltd. with the approval of the shareholders in their meeting on April 15, 2022.

Note 2: Hon Shin Corp. resolved in December 2022 to dispose subsidiary of Vietnam Paihong Limited Company, which reorganized into subsidiary of Hong Kong Best Expectation International Trading Limited.

See Tables 6 and 7 for the information on places of incorporation and principal places of business for each subsidiary.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 4,256,483	\$ 5,741,396	\$ 146,206	\$ 685,355	\$ 2,475,575	\$ 13,305,015
Additions	11,453	13,189	-	21,498	311,106	357,246
Disposals	(237)	(362)	-	(6,311)	-	(6,910)
Reclassified	48,557	197,964	312	985	6,867	254,685
Translation Adjustments	<u>(2,416)</u>	<u>(465)</u>	<u>(3)</u>	<u>2,621</u>	<u>(17,976)</u>	<u>(18,239)</u>
Balance at March 31, 2023	<u>\$ 4,313,840</u>	<u>\$ 5,951,722</u>	<u>\$ 146,515</u>	<u>\$ 704,148</u>	<u>\$ 2,775,572</u>	<u>\$ 13,891,797</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ 1,127,783	\$ 2,475,088	\$ 69,107	\$ 443,649	\$ -	\$ 4,115,627
Additions	44,154	113,568	3,236	18,223	-	179,181
Disposals	(237)	(320)	-	(6,294)	-	(6,851)
Translation Adjustments	<u>4,250</u>	<u>9,569</u>	<u>69</u>	<u>1,873</u>	<u>-</u>	<u>15,761</u>
Balance at March 31, 2023	<u>\$ 1,175,950</u>	<u>\$ 2,597,905</u>	<u>\$ 72,412</u>	<u>\$ 457,451</u>	<u>\$ -</u>	<u>\$ 4,303,718</u>
Carrying amount at March 31, 2023	<u>\$ 3,137,890</u>	<u>\$ 3,353,817</u>	<u>\$ 74,103</u>	<u>\$ 246,697</u>	<u>\$ 2,775,572</u>	<u>\$ 9,588,079</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 3,107,140	\$ 5,009,367	\$ 131,206	\$ 557,496	\$ 398,317	\$ 9,203,526
Additions	-	7,225	2,776	13,137	280,808	303,946
Disposals	(7,207)	(4,547)	(3,037)	(5,232)	-	(20,023)
Reclassified	425,465	94,693	2,222	80,992	(429,542)	173,830
Translation Adjustments	<u>119,713</u>	<u>181,180</u>	<u>4,769</u>	<u>22,529</u>	<u>11,506</u>	<u>339,697</u>
Balance at March 31, 2022	<u>\$ 3,645,111</u>	<u>\$ 5,287,918</u>	<u>\$ 137,936</u>	<u>\$ 668,922</u>	<u>\$ 261,089</u>	<u>\$ 10,000,976</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 961,370	\$ 1,984,362	\$ 68,102	\$ 387,562	\$ -	\$ 3,401,396
Additions	33,313	103,740	2,790	15,990	-	155,833
Disposals	(7,207)	(3,954)	(2,386)	(4,947)	-	(18,494)
Translation Adjustments	<u>36,129</u>	<u>74,247</u>	<u>2,497</u>	<u>14,594</u>	<u>-</u>	<u>127,467</u>
Balance at March 31, 2022	<u>\$ 1,023,605</u>	<u>\$ 2,158,395</u>	<u>\$ 71,003</u>	<u>\$ 413,199</u>	<u>\$ -</u>	<u>\$ 3,666,202</u>
Carrying amount at March 31, 2022	<u>\$ 2,621,506</u>	<u>\$ 3,129,523</u>	<u>\$ 66,933</u>	<u>\$ 255,723</u>	<u>\$ 261,089</u>	<u>\$ 6,334,774</u>

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

Buildings and improvements	5-40 years
Machinery and equipment	3-15 years
Transportation equipment	5-11 years
Miscellaneous equipment	3-11 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 953,948	\$ 963,897	\$ 894,673
Buildings	1,568	1,845	9,786
Transportation equipment	<u>557</u>	<u>762</u>	<u>1,417</u>
	<u>\$ 956,073</u>	<u>\$ 966,504</u>	<u>\$ 905,876</u>
	For the Three Months Ended March 31		
	2023	2022	
Depreciation charge for right-of-use assets			
Land		\$ 6,066	\$ 5,368
Buildings		261	1,846
Transportation equipment		<u>210</u>	<u>208</u>
		<u>\$ 6,537</u>	<u>\$ 7,422</u>

Except for the aforementioned recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 1,722</u>	<u>\$ 1,937</u>	<u>\$ 8,628</u>
Non-current	<u>\$ 529</u>	<u>\$ 804</u>	<u>\$ 2,622</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.98%	0.98%	0.98%-3.85%
Transportation equipment	3.85%	3.85%	3.85%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 3,073</u>	<u>\$ 2,557</u>
Total cash outflow for leases	<u>\$ (3,094)</u>	<u>\$ (3,774)</u>

13. GOODWILL

	For the Three Months Ended March 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 138,669	\$ 125,003
Effect of foreign currency exchange differences	<u>(2,028)</u>	<u>3,765</u>
Balance at March 31	<u>\$ 136,641</u>	<u>\$ 128,768</u>

14. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Tax overpaid retained for offsetting future tax payable	\$ 568,013	\$ 518,937	\$ 508,336
Prepaid expenses	53,724	45,342	27,143
Prepayments	32,174	31,818	63,004
Others	<u>70,395</u>	<u>12,534</u>	<u>31,232</u>
	<u>\$ 724,306</u>	<u>\$ 608,631</u>	<u>\$ 629,715</u>
<u>Non-current</u>			
Refundable deposits	\$ 23,398	\$ 23,483	\$ 23,846
Others	<u>6,762</u>	<u>7,466</u>	<u>7,702</u>
	<u>\$ 30,160</u>	<u>\$ 30,949</u>	<u>\$ 31,548</u>

15. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 6,721,821</u>	<u>\$ 5,661,809</u>	<u>\$ 2,335,145</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	3.15-7.80	3.00-8.00	1.03-4.05

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings - due in October 2023 - December 2026	\$ 4,368,918	\$ 4,134,666	\$ 4,068,353
Less: Current portion	<u>(68,515)</u>	<u>(3,637,467)</u>	<u>(357,813)</u>
Long-term borrowings	<u>\$ 4,300,403</u>	<u>\$ 497,199</u>	<u>\$ 3,710,540</u>
<u>Rate of interest per annum (%)</u>			
Unsecured loans	3.40-6.22	3.40-6.23	1.43-3.75

In order to repay the loans, support overseas investment and provide sufficient operation funds, the Corporation obtained a syndicated loan with a credit line of US\$220 million from KGI Commercial Bank and multiple financial institutions in July 2021. In line with the restructuring of the Group's investment structure and funding needs of the entities across the Group, the amended credit facilities were US\$70 million and US\$150 million for amended borrower of the Corporation and Hong Kong Best Expectation International Trading Limited in November 2022 and October 2022, respectively, after a series of negotiation with a group of lenders. According to the loan contract, the Group is required to maintain the Corporation's financial ratios as follows:

- 1) Current ratio [current assets ÷ current liabilities minus advance real estate receipts (classified as contract liabilities - current)] not less than 100%;
- 2) Debt ratio [total liabilities minus advance real estate receipts (classified as contract liabilities - current) ÷ tangible net assets] not higher than 200%;
- 3) Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 3 times and;
- 4) Tangible net assets [total equity minus intangible assets] not less than \$3.5 billion.

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

The Group's current and debt ratios as stated in the consolidated financial statements as of December 31, 2022 failed to meet the required financial commitments in the joint credit agreement. Consequently, the drawdown of borrowings amounted to \$3,024,235 thousand and was reclassified to current liabilities as of December 31, 2022. In March 2023, the Group obtained the consent of the lending bank to waive the review of the current and debt ratios as stated in the consolidated financial statements as of December 31, 2022. The amount of borrowings utilized was reclassified as non-current liabilities in March 2023. In addition, the Group has undertaken to maintain a debt ratio of 280% or less as stated in the second quarter of 2023. Additionally, the outstanding principal under the joint credit facility shall be converted at the reference rate plus 1.25% interest rate per annum from the first interest rate adjustment date after the review date of the consolidated financial statements for 2022 to the date of expiration of one year.

16. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for dividends	\$ -	\$ -	\$ 787,945
Payables for salaries and bonuses	174,123	405,902	229,548
Payables for purchases of building and equipment	357,021	184,293	40,036
Payables for compensation of employees and remuneration of directors	10,869	26,737	26,712
Tax payable	9,566	31,800	16,176
Others	<u>162,416</u>	<u>160,443</u>	<u>134,371</u>
	<u>\$ 713,995</u>	<u>\$ 809,175</u>	<u>\$ 1,234,788</u>

17. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$3,863 thousand and \$3,654 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021 for 2023 and 2022, respectively.

18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 Year	More Than 1 Year	Total
<u>March 31, 2023</u>			
Assets			
Trade receivables	\$ 274	\$ -	\$ 274
Other receivables	2,627	-	2,627
Inventories - constructing	2,266,626	-	2,266,626
Other current assets	<u>89,601</u>	<u>-</u>	<u>89,601</u>
	<u>\$ 2,359,128</u>	<u>\$ -</u>	<u>\$ 2,359,128</u>
Liabilities			
Trade payables	\$ 109,348	\$ -	\$ 109,348
Other payables	15,833	-	15,833
Contract liabilities	<u>2,861</u>	<u>-</u>	<u>2,861</u>
	<u>\$ 128,042</u>	<u>\$ -</u>	<u>\$ 128,042</u>

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2022</u>			
Assets			
Trade receivables	\$ 273	\$ -	\$ 273
Other receivables	985	-	985
Inventories - constructing	2,273,955	-	2,273,955
Other current assets	<u>89,928</u>	<u>-</u>	<u>89,928</u>
	<u>\$ 2,365,141</u>	<u>\$ -</u>	<u>\$ 2,365,141</u>
Liabilities			
Trade payables	\$ 404,329	\$ -	\$ 404,329
Other payables	42,736	-	42,736
Contract liabilities	<u>7,538</u>	<u>-</u>	<u>7,538</u>
	<u>\$ 454,603</u>	<u>\$ -</u>	<u>\$ 454,603</u>
<u>March 31, 2022</u>			
Assets			
Trade receivables	\$ 429	\$ -	\$ 429
Other receivables	17,001	-	17,001
Inventories - constructing	3,110,142	-	3,110,142
Other current assets	<u>188,529</u>	<u>-</u>	<u>188,529</u>
	<u>\$ 3,316,101</u>	<u>\$ -</u>	<u>\$ 3,316,101</u>
Liabilities			
Trade payables	\$ 259,437	\$ -	\$ 259,437
Other payables	30,947	-	30,947
Contract liabilities	<u>1,100,699</u>	<u>-</u>	<u>1,100,699</u>
	<u>\$ 1,391,083</u>	<u>\$ -</u>	<u>\$ 1,391,083</u>

19. EQUITY

a. Common stock

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>315,178</u>	<u>315,178</u>	<u>315,178</u>
Shares issued	<u>\$ 3,151,781</u>	<u>\$ 3,151,781</u>	<u>\$ 3,151,781</u>

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

b. Capital surplus

Capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

However, capital surplus recognized from the effect of changes in percentage of ownership interests in subsidiaries, which resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

According to the Corporation's Articles of Incorporation, the board of directors may, before recommending the distribution of any dividends, first appropriate for reserves which may be used at their discretion to meet unforeseen needs or any appropriate purpose. The board of directors may also, at its discretion, suspend the use of the reserves and use funds in the Corporation's business or appropriate investment. The Corporation may, in accordance with the law or the applicable listing rules and pursuant to a resolution in the shareholders' meeting, make a special reserve. The annual surplus earnings, after payment of taxes, offset of previous losses, deduction for special reserve, and other adjustments for the current year, if there is still a balance, the balance together with prior years' unappropriated earnings, if any, should be distributed upon proposal by the board of directors and approval in the shareholders' meeting. The dividends could be distributed in whole by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

The Corporation's policy is to distribute dividends to shareholders in the form of stock dividends and cash dividends after taking into consideration the needs for future capital expenditure and operating capital demand. The distribution amount of surplus will make up the loss at not less than the current post-tax surplus, and the deduction which is based on the surplus reserve of the Corporation's shareholders' meeting, and 25% of the balance of other undistributed earnings in the current year, and The cash dividends ratio shall not be less than 20% of the total cash dividends and stock dividends.

The Corporation's policies on the distribution of employees' and directors' compensation are described in Note 21 (c) Employees' compensation and remuneration of directors.

The appropriations of earnings for 2022 and 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2022	2021
Special reserve	\$ 70,494	\$ 79,443
Cash dividends	\$ 63,036	\$ 787,945
Share dividends	\$ 157,589	\$ -
Cash dividends per share (NT\$)	\$ 0.2	\$ 2.5
Share dividends per share (NT\$)	\$ 0.5	\$ -

The above 2022 and 2021 appropriations for cash dividends had been resolved by the Corporation's board of directors on April 20, 2023 and March 25, 2022, respectively; the other proposed appropriation for 2021 was resolved by the shareholders at their meeting on June 22, 2022. The other proposed appropriation for 2022 will be resolved by the shareholders at their meeting to be held on June 6, 2023.

20. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 1,184,443	\$ 1,698,197
Revenue from sale of real estate	<u>24,772</u>	<u>189,144</u>
	<u>\$ 1,209,215</u>	<u>\$ 1,887,341</u>
Operating cost		
Cost of goods sold	\$ 840,437	\$ 1,071,413
Cost of real estate sold	<u>15,141</u>	<u>142,343</u>
	<u>\$ 855,578</u>	<u>\$ 1,213,756</u>

Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Contract liabilities - current			
Sales of real estate	\$ 2,861	\$ 7,538	\$ 1,100,699
Sale of goods	<u>16,193</u>	<u>21,298</u>	<u>76,444</u>
	<u>\$ 19,054</u>	<u>\$ 28,836</u>	<u>\$ 1,177,143</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 113,967	\$ 27,681
Interest on lease liabilities	<u>12</u>	<u>37</u>
	<u>\$ 113,979</u>	<u>\$ 27,718</u>

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2023</u>			
Short-term employee benefits	\$ 180,655	\$ 201,275	\$ 381,930
Post-employment benefits			
Defined contribution plans	17,089	10,461	27,550
Defined benefit plans (Note 17)	-	3,863	3,863
Other employee benefits	19,168	12,098	31,266
Depreciation expenses	144,294	41,424	185,718
Amortization expenses	-	201	201

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2022</u>			
Short-term employee benefits	\$ 213,795	\$ 218,299	\$ 432,094
Post-employment benefits			
Defined contribution plans	17,432	10,844	28,276
Defined benefit plans (Note 17)	-	3,654	3,654
Other employee benefits	18,768	9,657	28,425
Depreciation expenses	126,725	36,530	163,255
Amortization expenses	-	5	5

c. Employees' compensation and remuneration of directors

The Corporation's board of directors proposed an amendment to its articles of incorporation on April 20, 2023, which the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 0.1% of net profit before income tax, employees' compensation, and remuneration of directors. The proposed amendment will be resolved by the shareholders at their meeting to be held on June 6, 2023. Instead, before the amendment to the articles of incorporation of the Corporation, the Corporation accrued employees' compensation and the remuneration of directors at rates of no less than 1% and no higher than 3%. There was no compensation of employees and remuneration of directors estimated as the Corporation reported a pre-tax loss for the three months ended March 31, 2023. The employees' compensation and remuneration of directors for the three months ended March 31, 2022 were as follows:

	For the Three Months Ended March 31 2022	
	Accrual Rate	Amount (US Dollars)
Employees' compensation	1.04%	\$ 55,000
Remuneration of directors	0.47%	25,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The actual amounts of the employees' compensation and remuneration of directors paid for March 15, 2023 and March 25, 2022 differed from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022, respectively.

	For the Year Ended December 31			
	2022 (US Dollars)		2021 (US Dollars)	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts resolved in the board of directors' meetings	<u>\$ 196,570</u>	<u>\$ 160,389</u>	<u>\$ 469,814</u>	<u>\$ 383,338</u>
Amounts recognized in the financial statements	<u>\$ 200,564</u>	<u>\$ 163,647</u>	<u>\$ 471,000</u>	<u>\$ 385,000</u>

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the TWSE.

d. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gains	\$ 25,021	\$ 7,955
Foreign exchange losses	<u>(34,301)</u>	<u>(15,684)</u>
Net losses	<u>\$ (9,280)</u>	<u>\$ (7,729)</u>

22. TAXES

Major components of tax expense (benefit) recognized in profit or loss:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 4,589	\$ 42,050
Adjustments for prior years	(2,164)	(4,157)
Land value increment tax	<u>1,800</u>	<u>2,880</u>
	4,225	40,773
Deferred tax		
In respect of the current period	<u>(18,455)</u>	<u>14,468</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (14,230)</u>	<u>\$ 55,241</u>

23. EARNINGS (LOSS) PER SHARE

	Net profit (loss) Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT\$)
<u>For the Three Months Ended March 31, 2023</u>			
Basic loss per share			
Net loss for the year attributable to owners of the Corporation	<u>\$ (147,528)</u>	<u>315,178</u>	<u>\$(0.47)</u>
<u>For the Three Months Ended March 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 144,560	315,178	<u>\$0.46</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	<u>378</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 144,560</u>	<u>315,556</u>	<u>\$0.46</u>

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

For the three months ended March 31, 2023, the earnings of dilutive ordinary shares used in the computation of diluted earnings per share were a net loss. Therefore, the effect of potentially dilutive ordinary shares is anti-dilutive and excluded from the computation of diluted earnings per share.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

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

b. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 3,318,813	\$ 2,868,852	\$ 3,055,081
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	12,156,017	11,100,897	8,324,964

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

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

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD and the HKD.

The following table details the Group's sensitivity to a 1% increase and decrease in functional currencies of the Group's entities against the USD and the HKD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit with the functional currencies of the Group's entities strengthening 1% against the relevant currency. For a 1% weakening of the functional currencies of the Group's entities against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

	Currency Impact	
	For the Three Months Ended	
	March 31	
	2023	2022
USD	\$ 2,649	\$ 5,993
HKD	179	225

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

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

b) Interest rate risk

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Short-term borrowings	\$ 1,682,855	\$ 1,498,297	\$ 383,964
Lease liabilities	2,251	2,741	11,250
Cash flow interest rate risk			
Short-term borrowings	5,038,966	4,163,512	1,951,181
Long-term borrowings	4,368,918	4,134,666	4,068,353

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by \$5,880 thousand and \$3,762 thousand, respectively.

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized bank loan facilities of \$7,304,999 thousand, \$4,250,883 thousand and \$9,459,864 thousand, respectively.

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

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

	Less Than 3 months	3 months - 1 Year	Over 1 Year
<u>March 31, 2023</u>			
Non-interest bearing	\$ 910,600	\$ 144,934	\$ 9,744
Lease liabilities	491	1,248	531
Short-term bank loans	2,053,397	4,668,424	-
Long-term bank loans	<u>22,838</u>	<u>45,677</u>	<u>4,300,403</u>
	<u>\$ 2,987,326</u>	<u>\$ 4,860,283</u>	<u>\$ 4,310,678</u>

<u>December 31, 2022</u>			
Non-interest bearing	\$ 1,211,458	\$ 83,143	\$ 9,821
Lease liabilities	492	1,476	803
Short-term bank loans	718,178	4,943,631	-
Long-term bank loans	<u>-</u>	<u>3,637,467</u>	<u>497,199</u>
	<u>\$ 1,930,128</u>	<u>\$ 8,665,717</u>	<u>\$ 507,823</u>

<u>March 31, 2022</u>			
Non-interest bearing	\$ 548,443	\$ 1,362,181	\$ 10,842
Lease liabilities	2,355	6,476	2,640
Short-term bank loans	895,692	1,439,453	-
Long-term bank loans	<u>21,469</u>	<u>336,344</u>	<u>3,710,540</u>
	<u>\$ 1,467,959</u>	<u>\$ 3,144,454</u>	<u>\$ 3,724,022</u>

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

	Less than 1 Year	1-5 Years
<u>March 31, 2023</u>		
Lease liabilities	\$ 1,739	\$ 531
Long-term bank loans	<u>68,515</u>	<u>4,300,403</u>
	<u>\$ 70,254</u>	<u>\$ 4,300,934</u>
<u>December 31, 2022</u>		
Lease liabilities	\$ 1,968	\$ 803
Long-term bank loans	<u>3,637,467</u>	<u>497,199</u>
	<u>\$ 3,639,435</u>	<u>\$ 498,002</u>
<u>March 31, 2022</u>		
Lease liabilities	\$ 8,831	\$ 2,640
Long-term bank loans	<u>357,813</u>	<u>3,710,540</u>
	<u>\$ 366,644</u>	<u>\$ 3,713,180</u>

25. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is Paiho Int'l Limited, which held 52% of the ordinary shares of the Corporation at March 31, 2023, December 31, 2022 and March 31, 2022. The Corporation's ultimate parent is Taiwan Paiho Limited.

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

a. Related party name and category

<u>Related Party</u>	<u>Related Party Category</u>
Taiwan Paiho Limited	The Corporation's ultimate parent
Vietnam Paiho Limited	Sister corporation
Paiho North America Corp.	Sister corporation
PT. Paiho Indonesia	Sister corporation
He Mei Xing Ye Company Ltd.	Sister corporation
Dongguan Paiho Business Service Co., Ltd	Sister corporation
Wuxi Paisen Commerce Co., Ltd.	Sister corporation
Kuo-Ian Cheng	Chairman
Ming-Chang Chiang	Other related party

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended</u>	
		<u>March 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Taiwan Paiho Limited	\$ 102	\$ 766
	Sister corporations	8,786	45,524
	Other related parties	<u>23,506</u>	<u>-</u>
		<u>\$ 32,394</u>	<u>\$ 46,290</u>

The sales of goods to related parties were made at the market price. The credit period of sales of goods was about 3 months.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan Paiho Limited	\$ 32,770	\$ 73,765
Sister corporations	<u>-</u>	<u>2</u>
	<u>\$ 32,770</u>	<u>\$ 73,767</u>

Purchases were made at market price or cost plus 15% mark-up. The payment period is 1 month or 3 months.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	Taiwan Paiho Limited	\$ 2	\$ 15	\$ 4
	Sister corporations			
	Vietnam Paiho Limited	3,387	2,821	7,166
	Paiho North America Corp.	2,623	6,179	2,435
	PT. Paiho Indonesia	<u>-</u>	<u>-</u>	<u>11,305</u>
		<u>\$ 6,012</u>	<u>\$ 9,015</u>	<u>\$ 20,910</u>
Other receivables	Sister corporations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables	Taiwan Paiho Limited	\$ 31,998	\$ 41,566	\$ 72,826
	Sister corporations	<u>-</u>	<u>68</u>	<u>-</u>
		<u>\$ 31,998</u>	<u>\$ 41,634</u>	<u>\$ 72,826</u>
Other payables	Taiwan Paiho Limited	\$ 104	\$ 94	\$ 87
	Sister corporations	<u>704</u>	<u>990</u>	<u>4,074</u>
		<u>\$ 808</u>	<u>\$ 1,084</u>	<u>\$ 4,161</u>

f. Lease arrangements

Related Party Category/Name	For the Three Months Ended March 31	
	2023	2022
<u>Lease expenses</u>		
Taiwan Paiho Limited	\$ 32	\$ 30
Sister corporations	<u>1,098</u>	<u>1,089</u>
	<u>\$ 1,130</u>	<u>\$ 1,119</u>

Lease expenses included expenses relating to short-term leases. Future lease payables related to short-term leases are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Future lease payables	<u>\$ 6,028</u>	<u>\$ 4,604</u>	<u>\$ 3,458</u>

Rental rates are based on the rental rates of nearby properties and set out by mutual agreements.

g. Endorsements and guarantees

Endorsements and guarantees given by related parties

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Kuo-Ian Cheng			
Amount endorsed	\$ 15,291,308	\$ 15,330,745	\$ 14,404,499
Amount utilized	<u>(10,241,712)</u>	<u>(9,210,417)</u>	<u>(6,103,412)</u>
	<u>\$ 5,049,596</u>	<u>\$ 6,120,328</u>	<u>\$ 8,301,087</u>

Long-term and short-term bank loans were jointly guaranteed by the Chairman.

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Other income	Sister corporations	<u>\$ 11</u>	<u>\$ 11</u>

i. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 22,776	\$ 29,271
Post-employment benefits	<u>405</u>	<u>450</u>
	<u>\$ 23,181</u>	<u>\$ 29,721</u>

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as restricted bank deposits in accordance with the loan agreements and guarantee for obligations to a power company:

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at amortized cost	<u>\$ 53,289</u>	<u>\$ 107,092</u>	<u>\$ 12,978</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group at March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

a. Significant unrecognized commitments

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 798,413</u>	<u>\$ 867,804</u>	<u>\$ 1,446,557</u>

- b. As of March 31, 2022, the Group had signed construction contracts but not yet paid for approximately \$435,196 thousand.
- c. After approval of a resolution at the extraordinary general meeting of shareholders on September 3, 2010, the Corporation and Paiho Shih Holdings Corporation signed an agreement on “Comprehensive Agreement on the Use of Trademarks and Patent Rights, Sales Area Division and Affiliates Transactions”.

After listing on the stock exchange, Paiho Shih Holdings Corporation obtained approval to purchase shares of Paiho Europe, S.A. and Paiho North America Corporation by itself or its subsidiaries on appropriate time and at a fair price according to valuation of a professional appraisal organization.

In addition, to meet the requirements for listing, after approval of a resolution at the annual shareholder's meeting on April 19, 2011, Paiho Shih Holdings Corporation revised part of the articles in the above agreement about the Sales Area Division and about the non-compete clause.

Due to decline in business and economy, Taiwan Paiho Limited has terminated the operation of Paiho Europe, S.A. Therefore, on February 27, 2014, Paiho Shih Holdings Corporation submitted a letter to Taiwan Stock Exchange to report that Paiho Europe, S.A. no longer exists and Paiho Shih Holdings Corporation cannot continue the above agreement.

- d. Subsidiaries of the Group, which are property developers in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons). The amount of mortgage loans was remitted to the subsidiaries of the Group as payment for the property sold. If a customer breached a mortgage contract, the subsidiaries of the Group will return to the banks only the amount of mortgage received. Therefore, the Group is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by the subsidiaries of the Group to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	March 31, 2023			December 31, 2022		
	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 9,061	6.8717 (Note 2)	\$ 275,909	\$ 13,247	6.9646 (Note 2)	\$ 406,669
HKD	4,627	3.8790	17,949	5,614	3.937	22,104
<u>Financial liabilities</u>						
Monetary items						
USD	363	6.8717 (Note 2)	11,055	1,312	6.9646 (Note 2)	40,263

	March 31, 2022		
	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 21,005	6.3482 (Note 2)	\$ 600,851
HKD	6,166	3.655	22,539
<u>Financial liabilities</u>			
Monetary items			
USD	54	6.3482 (Note 2)	1,557

Note 1: Except as otherwise noted, exchange rate represents the amount of New Taiwan dollars for which one foreign currency could be exchanged.

Note 2: The exchange rate represents the amount of RMB for which one US dollar could be exchanged.

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

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

Foreign Currencies	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	Exchange Rate	Net Foreign Exchange Gains and Losses	Exchange Rate	Net Foreign Exchange Gains and Losses
RMB	4.441 (RMB:NTD)	\$ (6,195)	4.406 (RMB:NTD)	\$ (3,064)
USD	30.395 (USD:NTD)	(3,113)	27.994 (USD:NTD)	(4,674)
HKD	3.878 (HKD:NTD)	<u>28</u>	3.586 (HKD:NTD)	<u>9</u>
		<u>\$ (9,280)</u>		<u>\$ (7,729)</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (None)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 5)
- 11) Information on investees. (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
 - e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (Tables 1, 4 and 5)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (Table 5)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

30. SEGMENT INFORMATION

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

a. Segment revenues and results

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

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Production	\$ 1,184,443	\$ 1,698,197	\$ (27,429)	\$ 225,181
Construction	<u>24,772</u>	<u>189,144</u>	<u>(16,317)</u>	<u>5,850</u>
Total from continuing operations	<u>\$ 1,209,215</u>	<u>\$ 1,887,341</u>	(43,746)	231,031
Interest income			4,122	3,890
Other income and benefits			13,451	6,790
Finance costs			(113,979)	(27,718)
Other expenses and losses			<u>(21,621)</u>	<u>(14,171)</u>
Profit (loss) before income tax			<u>\$ (161,773)</u>	<u>\$ 199,822</u>

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

b. Total segment assets and liabilities

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 3 and 5)	Ending Balance (Notes 4 and 5)	Actual Amount Borrowed (Notes 4 and 6)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 2)	Aggregate Financing Limit (Notes 1 and 2)
													Item	Value		
0	The Corporation	Vietnam Paihong Limited Company	Receivables from related parties	Yes	\$ 2,166,845 (USD 71,000)	\$ 2,161,950 (USD 71,000)	\$ 1,827,000 (USD 60,000)	3-month USD Libor rate, plus 1.28%, 3-month USD TAIEX rate, plus 1.15% and 3-month USD TAIEX rate, plus 1.1%	Necessary for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,227,955	\$ 2,227,955
1	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	352,400 (RMB 80,000)	354,480 (RMB 80,000)	-	4.2%	Necessary for short-term financing	-	Operating capital	-	-	-	1,997,858	1,997,858
		Shanghai Best Expectation Textile Trading Limited	Receivables from related parties	Yes	89,040 (RMB 20,000)	88,620 (RMB 20,000)	-	3.4%	Necessary for short-term financing	-	Operating capital	-	-	-	1,997,858	1,997,858
2	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivables from related parties	Yes	153,525 (USD 5,000)	152,250 (USD 5,000)	152,250 (USD 5,000)	3-month USD TAIEX rate, plus 1.1%	Necessary for short-term financing	-	Operating capital	-	-	-	855,878	855,878
3	Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivables from related parties	Yes	890,400 (RMB 200,000)	886,200 (RMB 200,000)	487,410 (RMB 110,000)	3.4%	Necessary for short-term financing	-	Operating capital	-	-	-	1,244,552	1,244,552
		Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	528,600 (RMB 120,000)	531,720 (RMB 120,000)	243,705 (RMB 55,000)	4.2%	Necessary for short-term financing	-	Operating capital	-	-	-	3,111,380	3,111,380

Note 1: For borrowers which the Corporation directly or indirectly owns over 50% of the paid-in capital, the individual and aggregate maximum amounts of financing provided to others are limited to 40% of the net equity in latest financial statements of the Corporation.

Note 2: For borrowers whose voting shares are 100% owned, directly or indirectly, by the Corporation, the individual and total amount of lending to a borrower shall not exceed the lender's net worth.

Note 3: The maximum amount was translated into New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 4: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 5: The ending balance amount has been approved by the board of directors.

Note 6: Significant intercompany accounts and transactions have been eliminated.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Shin Corp.	Note 1	\$ 5,569,888	\$ 88,995 (USD 3,000)	\$ 91,350 (USD 3,000)	\$ -	\$ -	1.64%	\$ 13,924,720	Yes	-	-
		Vietnam Paihong Limited Company	Note 1	5,569,888	5,452,764 (USD 183,000)	5,427,713 (USD 178,250)	4,592,408 (USD 150,818)	-	97.45%	13,924,720	Yes	-	-
		Hong Kong Best Expectation International Trading Limited	Note 1	5,569,888	4,458,000 (USD 150,000)	4,567,500 (USD 150,000)	3,654,000 (USD 120,000)	-	82.00%	13,924,720	Yes	-	-

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

Note 2: The amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall be limited to the net worth of the Corporation, and the total amount shall not exceed guarantee limit.

Note 3: The total amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall not exceed 250% of the net worth of the Corporation.

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)**

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Wuxi Paihong Real Estate Co., Ltd.	Construction in progress	September 08, 2021, May 19, 2022 and January 06, 2023	RMB 140,756	As of March 31, 2023, RMB 139,914 has been paid	China Construction Dongfang Decoration Co., Ltd.	-	-	-	-	\$ -	Refer to market price and set out by mutual agreement	Operating purpose	-
Vietnam Paihong Limited Company	Construction in progress	March 25, 2022 and May 10, 2022	VND 2,098,996,539	As of March 31, 2023, VND 1,616,560,575 has been paid	NEWTECONS INVESTMENT CONSTRUCTION JOINT STOCK COMPANY	-	-	-	-	-	Refer to market price and set out by mutual agreement	Operating purpose	-
Vietnam Paihong Limited Company	Construction in progress	August 25, 2022	VND 254,164,430	As of March 31, 2023, VND 166,665,011 has been paid	ACTER GROUP CORPORATION LIMITED	-	-	-	-	-	Refer to market price and set out by mutual agreement	Operating purpose	-

Note: The amount of transactions are according to the contracts.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2023

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party (Note 3)	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Vietnam Paihong Limited Company	Note 2	\$ 1,848,498 (USD 60,706)	-	\$ -	-	\$ 470,768 (USD 15,460)	\$ -
Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Note 2	490,082 (RMB 110,603)	4.57	-	-	510 (RMB 115)	-
	Wuxi Paihong Real Estate Co., Ltd.	Note 2	246,076 (RMB 55,535)	-	-	-	-	-
Hon Shin Corp.	Vietnam Paihong Limited Company	Note 2	278,618 (USD 9,150)	-	-	-	153,491 (USD 5,041)	-

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

Note 2: See Note 10 to the consolidated financial statements.

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of Foreign Currency)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account (Note 2)	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Vietnam Paihong Limited Company	1	Receivables - related parties	USD 60,495	-	10
		Vietnam Paihong Limited Company	1	Interest income	USD 1,011	-	3
		Vietnam Paihong Limited Company	1	Other revenue	USD 211	-	1
		Hon Shin Corp.	1	Other revenue	USD 601	-	2
1	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Dongguan Paihong Industry Co., Ltd.	1	Other payables	RMB110,318	-	3
		Dongguan Paihong Industry Co., Ltd.	1	Sales	RMB 2,604	About 3 months	1
2	Dongguan Paihong Industry Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	3	Receivables - related parties	RMB 55,535	-	1
3	Hon Shin Corp.	Vietnam Paihong Limited Company	3	Receivables - related parties	USD 5,008	-	1
		Vietnam Paihong Limited Company	3	Trade receivables	USD 4,142	About 3 months	1
4	Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	2	Sales	USD 1,999	About 3 months	5

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 1)			
The Corporation	Hong Kong Antex Limited Hon Shin Corp.	Hong Kong British Samoa	International investments International investments and trade	USD 54,335	USD 54,335	54,334,644	100	\$ 4,759,951	\$ (148,581)	\$ (148,581)	Subsidiary
				USD 20,000	USD 79,000	20,000,000	100	307,398	(17,600)	(17,600)	Subsidiary
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Hong Kong	International investments and trade	USD 23,064	USD 23,064	23,063,700	100	(1,536,508)	(133,655)	(Note 3)	Sub - Subsidiary
Hong Kong Best Expectation International Trading Limited	Paihong Vietnam Company Limited	Binh Duong Province, Vietnam	Production & marketing of mesh and other fabrics	USD 133,000	USD 133,000	-	100	1,854,202	(92,575)	(Note 3)	Sub - Subsidiary

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: Information on investment in mainland China is on Table 7.

Note 3: Not applicable.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 7)	Carrying Amount as of March 31, 2023 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of Touch Fasteners, Webbing and Embroidery	\$ 1,704,127 (RMB 384,592)	(Note 1)	\$ 1,106,401 (USD 36,335)	\$ -	\$ -	\$ 1,106,401 (USD 36,335)	\$ (149,134)	99.99	\$ (148,966)	\$ 5,024,297	\$ 1,819,220 (USD 2,512) (RMB 393,304)
Dongguan Paihong Industry Co., Ltd	Production & Marketing of Touch Fastener, Elastic, Various Type of Webbing and Jacquard Engineered Mesh, And Consumer Electronic Accessories, Etc.	1,581,991 (RMB 357,028)	(Note 1)	548,100 (USD 18,000)	-	-	548,100 (USD 18,000)	(3,652)	99.99	(3,384)	3,121,136	683,863 (RMB 154,336)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,683,780 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	(28,677)	99.99	(28,674)	2,741,868	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	576,030 (RMB 130,000)	(Note 1)	(Note 3)	-	-	(Note 3)	(13,033)	100	(13,033)	273,832	-
Shanghai Best Expectation Textile Trading Limited	International investments and trade	753,270 (RMB 170,000)	(Note 1)	(Note 4)	-	-	(Note 4)	(133,692)	99.99	(133,678)	(1,513,563)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Not applicable	Not applicable	Not applicable

Note 1: See Note 10 to the consolidated financial statements.

Note2: Established in China by Thomas Dynamic Material (Jiangsu) Co., Ltd. which was reinvested in by the Corporation through Hong Kong Antex Limited. The investment was funded by Thomas Dynamic Material (Jiangsu) Co., Ltd..

Note3: The investment was funded by Hong Kong Antex Limited.

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

Note 5: The amounts denominated in foreign currency were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 6: The investment gain (loss) is recognized according to the financial statements reviewed by the Corporation's independent auditors.

Note 7: Significant intercompany accounts and transactions have been eliminated.

TABLE 8**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Paiho Int'l Limited	162,632,396	51.60
Kuo-Ian Cheng	25,554,482	8.10

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