Paiho Shih Holdings Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Paiho Shih Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Paiho Shih Holdings Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" 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 the Standards on Auditing of 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 report. 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 these 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 judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the six months ended June 30, 2023 is described as follows:

Revenue Recognition

The Group is mainly engaged in the manufacturing and sale of touch fasteners, webbing (shoelaces), elastics, jacquard engineered mesh, and relevant peripheral materials as well as the sale of residential buildings constructed by entrusted construction contractors. Among all the goods, the revenue from the sale of jacquard engineered mesh has a significant impact on the operating revenue and profit of the Group. Therefore, we identified the recognition of sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

The key audit procedures that we performed in respect of revenue recognition included the following:

1. We obtained an understanding of the design and execution of the internal controls over revenue recognition, and we sampled and inspected the original purchase orders and delivery orders and verified the reasonableness of the accrual of the sales revenue.

2. We selected sample entries from jacquard engineered mesh sales records and checked the entries against the orders, delivery orders, invoices and receipt vouchers.

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 Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" 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 operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 Standards on Auditing of 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 statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, 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 conclusions 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 and appropriate audit evidence regarding the financial information of 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 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 six months ended June 30, 2023 and are therefore the key 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 24, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,848,658	10	$ 1,639,934	9	$ 1,937,115	11
Financial assets at amortized cost - current (Notes 7 and 27)	-	-	-	-	75,309	1
Notes receivable (Note 8)	9,275	-	169	-	413	-
Trade receivables (Note 8)	922,067	5	1,058,032	6	1,417,245	8
Trade receivables - related parties (Notes 8 and 26)	5,784	-	9,015	-	19,523	-
Other receivables (Note 26)	20,473	-	23,496	-	44,514	-
Inventories - manufacturing (Note 9)	1,218,791	7	1,298,558	7	1,458,869	8
Inventories - constructing (Note 9)	2,185,970	12	2,273,955	13	3,067,248	18
Other current assets (Note 15)	650,186	4	608,631	4	645,715	4
Total current assets	6,861,204	38	6,911,790	39	8,665,951	50
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 7 and 27)	76,551	1	114,723	1	20,749	-
Property, plant and equipment (Notes 11 and 26)	9,607,618	54	9,189,388	52	7,412,656	42
Right-of-use assets (Note 12)	949,947	5	966,504	5	919,705	5
Investment properties (Note 13)	26,400	-	-	-	-	-
Goodwill (Note 14)	139,945	1	138,669	1	133,475	1
Other intangible assets	7,125	-	7,734	-	23	-
Deferred tax assets (Note 23)	103,270	1	86,951	-	131,046	1
Prepayments for machinery and equipment	64,418	-	331,952	2	159,993	1
Other non-current assets (Note 15)	26,031	-	30,949	-	31,427	-
Total non-current assets	11,001,305	62	10,866,870	61	8,809,074	50
TOTAL	$ 17,862,509	100	$ 17,778,660	100	$ 17,475,025	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 27)	$ 6,809,606	38	$ 5,661,809	32	$ 3,089,489	18
Contract liabilities - current (Note 21)	20,401	-	28,836	-	171,478	1
Trade payables	250,886	2	442,911	3	1,293,326	7
Trade payables - related parties (Note 26)	48,390	-	41,634	-	40,628	-
Other payables (Notes 17 and 26)	675,731	4	809,175	5	1,416,845	8
Current tax liabilities (Note 23)	11,269	-	218,468	1	312,092	2
Lease liabilities - current (Note 12)	436	-	1,937	-	7,396	-
Current portion of long-term borrowings (Notes 16 and 27)	46,405	-	3,637,467	20	772,720	5
Other current liabilities	11,323	-	28,344	-	45,229	-
Total current liabilities	7,874,447	44	10,870,581	61	7,149,203	41
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 27)	4,290,839	24	497,199	3	3,782,595	22
Deferred tax liabilities (Note 23)	530,974	3	565,362	3	515,662	3
Lease liabilities - non-current (Note 12)	-	-	804	-	1,660	-
Deferred revenue - non-current	119,400	1	126,665	1	85,034	-
Net defined benefit liabilities - non-current (Note 18)	147,435	1	136,959	1	157,102	1
Guarantee deposits received	10,317	-	10,702	-	12,091	-
Total non-current liabilities	5,098,965	29	1,337,691	8	4,554,144	26
Total liabilities	12,973,412	73	12,208,272	69	11,703,347	67
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Common stock	3,151,781	18	3,151,781	18	3,151,781	18
Share dividends to be distributed	157,589	1	-	-	-	-
Capital surplus	456,751	2	456,751	2	456,751	2
Retained earnings						
Special reserve	568,162	3	497,668	3	497,668	3
Unappropriated earnings	1,324,046	7	2,031,850	11	2,080,730	12
Other equity	(769,668)	(4)	(568,162)	(3)	(415,930)	(2)
Total equity attributable to owners of the Corporation	4,888,661	27	5,569,888	31	5,771,000	33
NON-CONTROLLING INTERESTS	436	-	500	-	678	-
Total equity	4,889,097	27	5,570,388	31	5,771,678	33
TOTAL	$ 17,862,509	100	$ 17,778,660	100	$ 17,475,025	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 (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 21 and 26)	$ 1,149,129	100	$ 2,799,830	100	$ 2,358,344	100	$ 4,687,171	100
COST OF GOODS SOLD (Notes 9, 21, 22 and 26)	890,248	78	1,811,788	65	1,745,826	74	3,025,544	65
GROSS PROFIT	258,881	22	988,042	35	612,518	26	1,661,627	35
OPERATING EXPENSES (Notes 22 and 26)								
Selling and marketing expenses	145,803	13	197,783	7	278,688	12	384,130	8
General and administrative expenses	153,892	13	156,423	6	319,463	14	291,236	6
Research and development expenses	99,873	9	101,915	4	198,690	8	194,105	4
Expected credit loss recognized (reversed) on trade receivables (Note 9)	19,115	1	(12,275)	(1)	19,225	1	16,929	1
Total operating expenses	418,683	36	443,846	16	816,066	35	886,400	19
PROFIT (LOSS) FROM OPERATIONS	(159,802)	(14)	544,196	19	(203,548)	(9)	775,227	16
NON-OPERATING INCOME AND EXPENSES								
Other gains and losses (Notes 22 and 26)	7,183	-	20,131	1	(14,438)	(1)	5,960	-
Finance costs (Note 22)	(129,608)	(11)	(41,500)	(1)	(243,587)	(10)	(69,218)	(1)
Interest income	8,850	1	5,458	-	12,972	1	9,348	-
Other income (Note 26)	8,785	1	29,734	1	22,236	1	36,524	1
Total non-operating income and expenses	(104,790)	(9)	13,823	1	(222,817)	(9)	(17,386)	-
PROFIT (LOSS) BEFORE INCOME TAX	(264,592)	(23)	558,019	20	(426,365)	(18)	757,841	16
INCOME TAX EXPENSE (BENEFIT) (Note 23)	4,595	-	153,313	6	(9,635)	-	208,554	5
NET PROFIT (LOSS) FOR THE PERIOD	(269,187)	(23)	404,706	14	(416,730)	(18)	549,287	11
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Foreign exchange differences on translation to presentation currency	110,993	9	208,172	8	63,734	3	414,027	9

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PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	$ (358,420)	(31)	$ (353,098)	(13)	$ (265,259)	(11)	$ (332,275)	(7)
Other comprehensive income (loss) for the period	(247,427)	(22)	(144,926)	(5)	(201,525)	(8)	81,752	2
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (516,614)	(45)	$ 259,780	9	$ (618,255)	(26)	$ 631,039	13
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	$ (269,157)	(23)	$ 404,655	14	$ (416,685)	(18)	$ 549,215	12
Non-controlling interests	(30)	-	51	-	(45)	-	72	-
	$ (269,187)	(23)	$ 404,706	14	$ (416,730)	(18)	$ 549,287	12
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	$ (516,560)	(45)	$ 259,737	9	$ (618,191)	(26)	$ 630,953	13
Non-controlling interests	(54)	-	43	-	(64)	-	86	-
	$ (516,614)	(45)	$ 259,780	9	$ (618,255)	(26)	$ 631,039	13
EARNINGS (LOSS) PER SHARE (Note 24)								
Basic	$ (0.81)		$ 1.22	-	$ (1.26)		$ 1.66	
Diluted	$ (0.81)		$ 1.22	-	$ (1.26)		$ 1.65	-

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 THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation								
		Share Dividends to be Distributed	Capital Surplus (Note 20)	Retained Earnings (Note 20)					
	Common Stock (Note 20)	Distributed (Note 20)	Additional Paid-in Capital	Special Reserve	Unappropriated Earnings	Other Equity	Total	Non-controlling Interests	Total Equity
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									
Special reserve	-	-	-	79,443	(79,443)	-	-	-	-
Cash dividends	-	-	-	-	(787,945)	-	(787,945)	-	(787,945)
Net profit for the six months ended June 30, 2022	-	-	-	-	549,215	-	549,215	72	549,287
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	81,738	81,738	14	81,752
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	549,215	81,738	630,953	86	631,039
BALANCE AT JUNE 30, 2022	$ 3,151,781	$ -	$ 456,751	$ 497,668	$ 2,080,730	$ (415,930)	$ 5,771,000	$ 678	$ 5,771,678
BALANCE AT JANUARY 1, 2023	$ 3,151,781	$ -	$ 456,751	$ 497,668	$ 2,031,850	$ (568,162)	$ 5,569,888	$ 500	$ 5,570,388
Appropriation of 2022 earnings									
Special reserve	-	-	-	70,494	(70,494)	-	-	-	-
Cash dividend	-	-	-	-	(63,036)	-	(63,036)	-	(63,036)
Share dividends	-	157,589	-	-	(157,589)	-	(157,589)	-	-
Net loss for the six months ended June 30, 2023	-	-	-	-	(416,685)	-	(416,685)	(45)	(416,730)
Other comprehensive loss for the six months ended June 30, 2023	-	-	-	-	-	(201,506)	(201,506)	(19)	(201,525)
Total comprehensive loss for the six months ended June 30, 2023	-	-	-	-	(416,685)	(201,506)	(618,191)	(64)	(618,255)
BALANCE AT JUNE 30, 2023	$ 3,151,781	$ 157,589	$ 456,751	$ 568,162	$ 1,324,046	$ (769,668)	$ 4,731,072	$ 436	$ 4,889,097

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (426,365)	$ 757,841
Adjustments for:		
Depreciation expense	374,328	343,049
Amortization expense	400	10
Expected credit loss recognized	19,225	16,929
Finance costs	243,587	69,218
Interest income	(12,972)	(9,348)
Loss on disposal of property, plant and equipment	1,791	5,386
Write-downs of inventories	76,636	24,006
Unrealized foreign currency exchange gain, net	(1,308)	(26,023)
Others	(3,853)	(1,145)
Changes in operating assets and liabilities		
Notes receivable	(8,932)	6,980
Trade receivables	130,685	136,326
Other receivables	4,455	(11,622)
Inventories - manufacturing	24,496	(132,662)
Inventories - constructing	(3,190)	(128,653)
Other current assets	(19,393)	(57,699)
Contract liabilities	(8,781)	(855,458)
Trade payables	(190,861)	473,208
Other payables	(265,499)	(313,509)
Other current liabilities	(23,260)	(3,439)
Net defined benefit liabilities	10,432	17,879
Cash generated from (used in) operations	(78,379)	311,274
Interest received	12,972	9,348
Interest paid	(238,897)	(61,440)
Income tax paid	(252,142)	(129,563)
Net cash generated from (used in) operating activities	(556,446)	129,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(8,181)	(52,944)
Proceeds from disposal of financial assets at amortized cost	46,762	107,934
Payments for property, plant and equipment	(465,026)	(1,214,774)
Proceeds from disposal of property, plant and equipment	1,474	6,572
Decrease in refundable deposits	3,741	15,789
Decrease (increase) in other non-current assets	2,915	(5,773)
Increase in prepayments for machinery and equipment	(26,991)	(7,809)
Net cash used in investing activities	(445,306)	(1,151,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,030,117	1,135,292
Proceeds from long-term borrowings	2,638,918	574,490

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PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
Repayments of long-term borrowings	$ (2,463,123)	$ (271,435)
Proceeds from (refund of) guarantee deposits received	(525)	799
Repayment of the principal portion of lease liabilities	(1,433)	(4,045)
Net cash generated from financing activities	1,203,954	1,435,101
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	6,522	(136,215)
NET INCREASE IN CASH AND CASH EQUIVALENTS	208,724	277,500
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,639,934	1,659,615
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,848,658	$ 1,937,115

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 SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 August 24, 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	Note 3

Note 1: Unless stated otherwise, the above 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.

Note 3: The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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 financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. 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 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and other entities in the Group (including subsidiaries or associates in other countries that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the United States dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Corporation and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

In the consolidated financial statements, the common stock has a value of US$56,212 thousand with a par value of US$1 at an exchange rate of 3.1385 (the basis was calculated by the exchange rate US$1=NT$31.385 on April 24, 2010, the date before the meeting of board of directors) to par value of NT$10. The rest of the shares were issued with a par value of NT$10 and the total common stock issued amounted to NT$3,151,781 thousand at June 30, 2023. Besides, assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; equity is translated at the historical exchange rates; and income and expense items are translated at the average exchange rates for the period. The exchange differences arising from the consolidation of the financial statements are recognized in other comprehensive income and attributable to the owners of the Corporation and the non-controlling interests.

f. Inventories

Manufacturing

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Construction industry

The properties to be developed refer to the expenditure on land use right and construction which will be reclassified as construction in progress at the start of the construction and obtaining of construction certificates of the properties.

The cost of real estate under development comprises the cost of land use rights, construction costs and borrowing costs that are eligible for capitalization, which will be transferred to construction to be sold upon completion of construction.

Before acquiring land use right and before completing the construction, the interest incurred on land payment and the actual construction cost are capitalized as cost of land use right and as development cost, respectively.

Land for construction and real estate for sale are accounted for at cost. If there is sufficient evidence to show that the net realizable value is lower than the cost at the end of the period, then the difference is recognized as allowance for loss.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method

For a transfer of classification from inventories to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the inception of an operating lease.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Assets related to contract costs

When a sales contract is obtained, selling service fees paid to agents under exclusive sale agreements are recognized as incremental costs of obtaining a contract to the extent that the costs are expected to be recovered and are recognized in profit or loss when the property is transferred to the customers. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the related asset, which the Group otherwise would have recognized, is expected to be one year or less.

l. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a Group’s entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, restricted deposits at amortized cost, debt instruments, notes receivable, trade receivables, other receivables and refundable deposit, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the goods are delivered to the customer's specific location and the goods are shipped or picked up because it is the time when the customer has the right to use and bears the risks on the goods.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the sale of real estate

The Group identifies the contract with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from sales of real estate is recognized on the day the real estate is transferred, i.e. the buyer and seller have signed the sales contract and have filed the relevant documents in the local real estate institution, acceptance has been qualified by relevant departments and the filing procedures are completed, and the seller issues a notice of real estate transfer according to the provisions of the contract.

Until such revenue is recognized, deposits and installment payments received from the buyer of properties are reported as contract liabilities - current in the consolidated balance sheets.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term that causes a change in the amounts expected to be payable under a residual value guarantee, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurred. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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.

t. Taxation

The Corporation is tax-exempt from offshore income according to the relevant regulations in the Cayman Islands.

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications on cash flows, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Petty cash and cash on hand	$ 13,381	$ 11,799	$ 16,751
Checking accounts and demand deposits	440,391	866,740	708,328
Cash equivalents (deposit accounts with original maturities of 3 months or less)	1,394,886	761,395	1,212,036
	$ 1,848,658	$ 1,639,934	$ 1,937,115

7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Time deposits with original maturity of more than 3 months	$ -	$ -	$ 75,309
Non-current			
Restricted deposits	$ 76,551	$ 114,723	$ 20,749

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable			
At amortized cost	$ 9,275	$ 169	$ 413
Trade receivables			
At amortized cost			
Gross carrying amount	$ 948,329	$ 1,069,034	$ 1,536,302
Less: Allowance for impairment loss	(20,478)	(1,987)	(99,534)
	$ 927,851	$ 1,067,047	$ 1,436,768

The average credit period of sales of goods is 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
June 30, 2023						
Expected credit loss rate	0.04%-3%	0.04%-10%	0.04%-22%	0.04%-41%	0.04%-100%	
Gross carrying amount	$ 850,634	$ 63,133	$ 14,800	$ 8,063	$ 11,699	$ 948,329
Loss allowance (Lifetime ECLs)	(8,080)	(2,512)	(1,188)	(1,592)	(7,106)	(20,478)
Amortized cost	$ 842,554	$ 60,621	$ 13,612	$ 6,471	$ 4,593	$ 927,851
December 31, 2022						
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)	(372)	(27)	(10)	(3)	(1,575)	(1,987)
Amortized cost	$ 933,157	$ 68,102	$ 28,276	$ 8,190	$ 29,322	$ 1,067,047
June 30, 2022						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	$ 1,258,194	$ 160,262	$ 44,978	$ 28,932	$ 43,936	$ 1,536,302
Loss allowance (Lifetime ECLs)	(13,664)	(27,775)	(14,606)	(15,747)	(27,742)	(99,534)
Amortized cost	$ 1,244,530	$ 132,487	$ 30,372	$ 13,185	$ 16,194	$ 1,436,768

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	$ 1,987	$ 81,176
Add: Net remeasurement of loss allowance	19,225	16,929
Less: Amounts written off	(83)	(538)
Foreign exchange gains and losses	(651)	1,967
Balance at June 30	$ 20,478	$ 99,534

9. INVENTORIES

a. Manufacturing

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	$ 376,257	$ 435,540	$ 533,085
Work in process	485,504	436,132	436,575
Raw materials and supplies	342,536	406,938	481,680
Inventory in transit	14,494	19,948	7,529
	$ 1,218,791	$ 1,298,558	$ 1,458,869

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was $889,113 thousand, $1,114,928 thousand, $1,729,550 thousand and $2,186,341 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 included inventory write-downs of $57,007 thousand, $3,886 thousand, $76,636 thousand and $ 24,006 thousand.

b. Construction industry

	June 30, 2023	December 31, 2022	June 30, 2022
Construction to be sold	$ 2,185,970	$ 2,273,955	$ 3,067,248

Construction to be sold

Location	Project Name	June 30, 2023	December 31, 2022	June 30, 2022
Xishan District, Wuxi	Paiho International Mansion - Season One	$ 251,903	$ 274,500	$ 306,847
	Paiho International Mansion - Season Two	265,662	273,437	425,321
	Paiho Business Plaza	1,668,405	1,726,018	2,335,080
		$ 2,185,970	$ 2,273,955	$ 3,067,248

The cost of inventories recognized as cost of real estate sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was $1,135 thousand, $696,860 thousand, $16,276 thousand and $839,203 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) June 30, 2023	Proportion of Ownership (%) December 31, 2022	Proportion of Ownership (%) June 30, 2022	Note
The Corporation	Hong Kong Antex Limited	International investment	100	100	100	-
	Hon Shin Corp.	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	22	51	100	-
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	International investment and trading	78	49	-	-
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	International investment and trading	100	100	100	-
Hon Shin Corp.	Vietnam Paihong Company Limited	Production & marketing of mesh and other fabrics.	-	-	100	2
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Company Limited	Production & marketing of mesh and other fabrics.	100	100	-	2

Note 1: The proposal on company renaming of Wuxi Paiho Textile Co., Limited was resolved by 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 7 and 8 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
Cost						
Balance at January 1, 2023	$ 4,256,483	$ 5,741,396	$ 146,206	$ 685,355	$ 2,475,575	$ 13,305,015
Additions	11,677	24,310	-	25,457	442,661	504,105
Disposals	(236)	(11,210)	(563)	(7,643)	-	(19,652)
Reclassified	48,204	235,656	3,331	1,546	4,929	293,666
Translation Adjustments	(65,481)	(49,619)	(1,865)	(16,675)	39,544	(94,096)
Balance at June 30, 2023	$ 4,250,647	$ 5,940,533	$ 147,109	$ 688,040	$ 2,962,709	$ 13,989,038
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ 1,127,783	$ 2,475,088	$ 69,107	$ 443,649	$ -	$ 4,115,627
Additions	87,380	231,119	6,437	35,958	-	360,894
Disposals	(236)	(10,202)	(467)	(6,960)	-	(17,865)
Translation Adjustments	(28,079)	(36,369)	(1,150)	(11,638)	-	(77,236)
Balance at June 30, 2023	$ 1,186,848	$ 2,659,636	$ 73,927	$ 461,009	$ -	$ 4,381,420
Carrying amount at June 30, 2023	$ 3,063,799	$ 3,280,897	$ 73,182	$ 227,031	$ 2,962,709	$ 9,607,618
Cost						
Balance at January 1, 2022	$ 3,107,140	$ 5,009,367	$ 131,206	$ 557,496	$ 398,317	$ 9,203,526
Additions	29,290	63,167	5,025	119,649	1,106,522	1,323,653
Disposals	(18,259)	(18,676)	(4,764)	(8,042)	-	(49,741)
Reclassified	483,477	265,922	3,210	775	(486,783)	266,601
Translation Adjustments	160,774	253,363	5,710	16,800	42,744	479,391
Balance at June 30, 2022	$ 3,762,422	$ 5,573,143	$ 140,387	$ 686,678	$ 1,060,800	$ 11,223,430
Accumulated depreciation						
Balance at January 1, 2022	$ 961,370	$ 1,984,362	$ 68,102	$ 387,562	$ -	$ 3,401,396
Additions	70,941	216,833	5,748	34,547	-	328,069
Disposals	(13,147)	(13,706)	(3,676)	(7,254)	-	(37,783)
Translation Adjustments	27,042	79,146	2,436	10,468	-	119,092
Balance at June 30, 2022	$ 1,046,206	$ 2,266,635	$ 72,610	$ 425,323	$ -	$ 3,810,774
Carrying amount at June 30, 2022	$ 2,716,216	$ 3,306,508	$ 67,777	$ 261,355	$ 1,060,800	$ 7,412,656

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

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Land	$ 949,610	$ 963,897	$ 910,722
Buildings	-	1,845	7,796
Transportation equipment	337	762	1,187
	$ 949,947	$ 966,504	$ 919,705

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Depreciation charge for right-of-use assets				
Land	$ 6,024	$ 5,574	$ 12,090	$ 10,942
Buildings	643	1,774	904	3,620
Transportation equipment	206	210	416	418
	$ 6,873	$ 7,558	$ 13,410	$ 14,980

Except for the aforementioned recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Current	$ 436	$ 1,937	$ 7,396
Non-current	$ -	$ 804	$ 1,660

Range of discount rates (%) for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	-	0.98	0.98-3.85
Transportation equipment	3.85	3.85	3.85

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 4,334	$ 2,851	$ 7,407	$ 5,408
Total cash outflow for leases			$ (8,398)	$ (9,176)

13. INVESTMENT PROPERTIES

	For the Six Months Ended June 30, 2023				
	Beginning Balance	Additions	Reclassified	Translation Adjustments	Ending Balance
Cost					
Completed investment properties	$ -	$ -	$ 27,213	$ (789)	$ 26,424
Accumulated depreciation					
Completed investment properties	-	$ 24	$ -	$ -	24
	$ -				$ 26,400

The investment properties were properties for sale located in Wuxi, China and were subleased under operating leases.

The investment properties are leased out for 3 years. The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2023
Year 1	$ 2,304
Year 2	2,906
Year 3	2,906
Year 4	602
	$ 8,718

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

Completed investment properties	30 years

Management was unable to reliably measure the fair value of freehold investment property located in Wuxi City, China due to inactive market trading. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property was not reliably measurable.

14. GOODWILL

	For the Six Months Ended June 30	
	2023	2022
Cost		
Balance at January 1	$ 138,669	$ 125,003
Effects of foreign currency exchange differences	1,276	8,472
Balance at June 30	$ 139,945	$ 133,475

15. OTHER ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Tax overpaid retained for offsetting future tax payable	$ 596,247	$ 518,937	$ 480,853
Prepaid expenses	33,450	45,342	97,971
Prepayments	10,470	31,818	33,357
Others	10,019	12,534	33,534
	$ 650,186	$ 608,631	$ 645,715
Non-current			
Refundable deposits	$ 19,999	$ 23,483	$ 23,028
Others	6,032	7,466	8,399
	$ 26,031	$ 30,949	$ 31,427

16. BORROWINGS

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Line of credit borrowings	$ 6,809,606	$ 5,661,809	$ 3,089,489
Rate of interest per annum (%)			
Line of credit borrowings	3.15-6.82	3.00-8.00	1.45-4.05

b. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Line of credit borrowings - due in October 2023 - December 2026	$ 4,337,244	$ 4,134,666	$ 4,555,315
Less: Current portion	(46,405)	(3,637,467)	(772,720)
Long-term borrowings	$ 4,290,839	$ 497,199	$ 3,782,595
Rate of interest per annum (%)			
Unsecured loans	3.45-6.93	3.40-6.23	1.70-3.75

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.

17. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Payables for purchases of building and equipment	$ 226,708	$ 184,293	$ 133,083
Payables for salaries and bonuses	223,698	405,902	310,551
Payables for dividends	63,036	-	787,945
Others	162,289	218,980	185,266
	$ 675,731	$ 809,175	$ 1,416,845

18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021 for 2023 and 2022, respectively.

19. 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
June 30, 2023			
Assets			
Trade receivables	$ 123	$ -	$ 123
Other receivables	1,998	-	1,998
Inventories - constructing	2,185,970	-	2,185,970
Other current assets	90,005	-	90,005
	$ 2,278,096	$ -	$ 2,278,096
Liabilities			
Trade payables	$ 86,874	$ -	$ 86,874
Other payables	15,913	-	15,913
Contract liabilities	2,980	-	2,980
	$ 105,767	$ -	$ 105,767

	Within 1 Year	More Than 1 Year	Total
December 31, 2022			
Assets			
Trade receivables	$ 273	$ -	$ 273
Other receivables	985	-	985
Inventories - constructing	2,273,955	-	2,273,955
Other current assets	89,928	-	89,928
	$ 2,365,141	$ -	$ 2,365,141
Liabilities			
Trade payables	$ 262,380	$ -	$ 262,380
Other payables	42,736	-	42,736
Contract liabilities	7,538	-	7,538
	$ 312,654	$ -	$ 312,654
June 30, 2022			
Assets			
Trade receivables	$ 323	$ -	$ 323
Other receivables	18,057	-	18,057
Inventories - constructing	3,067,248	-	3,067,248
Other current assets	153,181	-	153,181
	$ 3,238,809	$ -	$ 3,238,809
Liabilities			
Trade payables	$ 985,120	$ -	$ 985,120
Other payables	41,812	-	41,812
Contract liabilities	155,332	-	155,332
	$ 1,182,264	$ -	$ 1,182,264

20. EQUITY

a. Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Number of shares authorized (in thousands)	400,000	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	315,178	315,178	315,178
Shares issued	$ 3,151,781	$ 3,151,781	$ 3,151,781

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

The Corporation issued 15,759 thousand new shares at an aggregate amount of $157,589 thousand through distributable earnings for the year ended December 31, 2022 with an effective date of August 1, 2023, which were resolved by shareholders in their meeting on June 6, 2023.

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 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 appropriations for cash dividends were resolved by the Corporation's board of directors on April 20, 2023 and March 25, 2022, respectively; the other proposed appropriations were resolved by shareholders in their meeting on June 6, 2023 and June 22, 2022, respectively.

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	$ 1,149,129	$ 1,874,145	$ 2,333,572	$ 3,572,342
Revenue from sale of real estate	-	925,685	24,772	1,114,829
	$ 1,149,129	$ 2,799,830	$ 2,358,344	$ 4,687,171
Operating cost				
Cost of goods sold	$ 889,113	$ 1,114,928	$ 1,729,550	$ 2,186,341
Cost of real estate sold	1,135	696,860	16,276	839,203
	$ 890,248	$ 1,811,788	$ 1,745,826	$ 3,025,544

Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Contract liabilities - current			
Sales of real estate	$ 2,980	$ 7,538	$ 155,332
Sale of goods	17,421	21,298	16,146
	$ 20,401	$ 28,836	$ 171,478

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Loss on disposal of property, plant and equipment, net	$ (1,746)	$ (5,069)	$ (1,791)	$ (5,386)
Net foreign exchange gains	9,467	31,320	187	23,591
Others	(538)	(6,120)	(12,834)	(12,245)
	$ 7,183	$ 20,131	$ (14,438)	$ 5,960

b. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on bank loans	$ 129,562	$ 41,435	$ 243,529	$ 69,116
Interest on lease liabilities	46	65	58	102
	$ 129,608	$ 41,500	$ 243,587	$ 69,218

Information on interest capitalization is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Capitalized interests on properties	$ 39,434	$ -	$ 74,337	$ -
Capitalization rates (%)	6.39	-	6.39	-

c. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses and Non-Operating Expenses	Total
For the Three Months Ended June 30, 2023			
Short-term employee benefits	$ 199,936	$ 195,050	$ 394,986
Post-employment benefits			
Defined contribution plans	16,314	10,252	26,566
Defined benefit plans	-	3,863	3,863
Other employee benefits	20,177	11,221	31,398
Depreciation expenses	147,751	40,859	188,610
Amortization expenses	-	199	199
For the Three Months Ended June 30, 2022			
Short-term employee benefits	251,279	258,777	510,056
Post-employment benefits			
Defined contribution plans	19,223	11,788	31,012
Defined benefit plans	-	3,655	3,655
Other employee benefits	20,448	12,114	32,561
Depreciation expenses	140,205	39,589	179,794
Amortization expenses	-	5	5
For the Six Months Ended June 30, 2023			
Short-term employee benefits	253,056	396,325	649,381
Post-employment benefits			
Defined contribution plans	33,403	20,713	54,116
Defined benefit plans	-	7,726	7,726
Other employee benefits	39,345	23,319	62,664
Depreciation expenses	292,045	82,283	374,328
Amortization expenses	-	400	400
For the Six Months Ended June 30, 2022			
Short-term employee benefits	465,074	477,076	942,150
Post-employment benefits			
Defined contribution plans	36,655	22,632	59,288
Defined benefit plans	-	7,309	7,309
Other employee benefits	39,216	21,771	60,986
Depreciation expenses	266,930	76,119	343,049
Amortization expenses	-	10	10

d. Employees' compensation and remuneration of directors

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 was resolved by shareholders in their meeting 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 six months ended June 30, 2023 and for the three months and six months ended June 30, 2022, the employees' compensation and the remuneration of directors were as follows:

	For the Six Months Ended June 30, 2022
Accrual rate	
Employees' compensation	1.37%
Remuneration of directors	0.84%

	For the Three Months Ended June 30	For the Six Months Ended June 30
Amount	**2022**	**2022**
Employees' compensation (US Dollars)	$ 215,000	$ 270,000
Remuneration of directors (US Dollars)	$ 140,000	$ 165,000

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	$ 196,570	$ 160,389	$ 469,814	$ 383,338
Amounts recognized in the financial statements	$ 200,564	$ 163,647	$ 471,000	$ 385,000

Information on the employees' compensation 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.

e. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Foreign exchange gains	$ 16,658	$ 59,045	$ 41,679	$ 67,000
Foreign exchange losses	(7,191)	(27,725)	(41,492)	(43,409)
Net gains	$ 9,467	$ 31,320	$ 187	$ 23,591

23. TAXES

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	$ 13,849	$ 85,878	$ 18,438	$ 127,928
Adjustments for prior years	6,812	(246)	4,648	(4,403)
Land value increment tax	27,510	4,965	29,310	7,845
	48,171	90,597	52,396	131,370
Deferred tax				
In respect of the current period	(43,576)	62,716	(62,031)	77,184
Income tax expense recognized in profit or loss	$ 4,595	$ 153,313	$ (9,635)	$ 208,554

24. EARNINGS (LOSS) PER SHARE

	Net profit (loss) Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT$)
For the Three Months Ended June 30, 2023			
Basic and diluted loss per share			
Loss for the period attributable to owners of the Corporation	$ (269,157)	330,937	$ (0.81)
For the Three Months Ended June 30, 2022			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	$ 404,655	330,937	$ 1.22
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	236	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive common stock	$ 404,655	331,173	$ 1.22

	Net profit (loss) Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT$)
For the Six Months Ended June 30, 2023			
Basic and diluted loss per share			
Loss for the period attributable to owners of the Corporation	$ (416,685)	330,937	$(1.26)
For the Six Months Ended June 30, 2022			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	$ 549,215	330,937	$ 1.66
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	410	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive common stock	$ 549,215	331,347	$ 1.65

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 1,2023. The basic and diluted earnings per share adjusted retrospectively for the three months and six months ended June 30, 2022 are as follows:

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2022	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2022
Basic earnings per share	$ 1.28	$ 1.74	$ 1.22	$ 1.66
Diluted earnings per share	$ 1.28	$ 1.74	$ 1.22	$ 1.65

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 six months ended June 30, 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.

25. 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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
Financial assets at amortized cost (1)	$ 2,902,807	$ 2,868,852	$ 3,537,896
Financial liabilities			
Financial liabilities at amortized cost (2)	12,132,174	11,100,897	10,407,694

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 including current portion 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 29.

Sensitivity analysis

The Group was mainly exposed to the USD.

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. 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 Six Months Ended June 30	
	2023	2022
USD	$ 4,447	$ 2,955

The above impacts are mainly attributable to exposure on outstanding receivables, payables and borrowings in USD 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.

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Short-term borrowings	$ 1,767,498	$ 1,498,297	$ 595,550
Lease liabilities	436	2,741	9,056
Cash flow interest rate risk			
Short-term borrowings	5,042,108	4,163,512	2,493,939
Long-term borrowings	4,337,244	4,134,666	4,555,315

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 six months ended June 30, 2023 and 2022 would have decreased/increased by $11,724 thousand and $8,812 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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group had available unutilized bank loan facilities of $8,462,164 thousand, $4,250,883 thousand and $5,614,782 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**
June 30, 2023			
Non-interest bearing	$ 894,039	$ 81,386	$ 9,900
Lease liabilities	218	218	-
Short-term bank loans	957,795	5,851,811	-
Long-term bank loans	-	46,405	4,290,839
	$ 1,852,052	$ 5,979,820	$ 4,300,739
December 31, 2022			
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	-	3,637,467	497,199
	$ 1,930,128	$ 8,665,717	$ 507,823

	Less Than 3 months	3 months - 1 Year	Over 1 Year
June 30, 2022			
Non-interest bearing	$ 1,817,392	$ 933,407	$ 12,091
Lease liabilities	2,208	5,332	1,672
Short-term bank loans	248,845	2,840,644	-
Long-term bank loans	-	772,720	3,782,595
	$ 2,068,445	$ 4,552,103	$ 3,796,358

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

	Less than 1 Year	1-5 Years
June 30, 2023		
Lease liabilities	$ 436	$ -
Long-term bank loans	46,405	4,290,839
	$ 46,841	$ 4,290,839
December 31, 2022		
Lease liabilities	$ 1,968	$ 803
Long-term bank loans	3,637,467	497,199
	$ 3,639,435	$ 498,002
June 30, 2022		
Lease liabilities	$ 7,540	$ 1,672
Long-term bank loans	772,720	3,782,595
	$ 780,260	$ 3,784,267

26. TRANSACTIONS WITH RELATED PARTIES

The Corporation’s parent is Paiho Int’l Limited, which held 52% of the ordinary shares of the Corporation at June 30, 2023, December 31, 2022 and June 30, 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

Related Party	Related Party Category
Taiwan Paiho Limited	The Corporation's ultimate parent
Vietnam Paiho Limited	Sister corporation
Paiho North America Corp.	Sister corporation
PT. Paiho Indonesia	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

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Item	Related Party Category/Name	2023	2022	2023	2022
Sales	Taiwan Paiho Limited	$ 487	$ 390	$ 589	$ 1,156
	Sister corporations	14,603	39,418	23,389	84,942
	Other related parties	-	-	23,506	-
		$ 15,090	$ 39,808	$ 47,484	$ 86,098

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category/Name	2023	2022	2023	2022
Taiwan Paiho Limited	$ 44,569	$ 55,055	$ 77,339	$ 128,820
Sister corporations	-	296	-	298
	$ 44,569	$ 55,351	$ 77,339	$ 129,118

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	June 30, 2023	December 31, 2022	June 30, 2022
Trade receivables	Taiwan Paiho Limited	$ 99	$ 15	$ 11
	Sister corporations			
	Vietnam Paiho Limited	5,622	2,821	10,336
	Paiho North America Corp.	63	6,179	2,732
	PT. Paiho Indonesia	-	-	6,444
		$ 5,784	$ 9,015	$ 19,523

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

Line Item	Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Trade payables	Taiwan Paiho Limited	$ 48,390	$ 41,566	$ 40,628
	Sister corporations	-	68	-
		$ 48,390	$ 41,634	$ 40,628
Other payables	Taiwan Paiho Limited	$ 38	$ 94	$ 35
	Sister corporations	641	990	1,134
		$ 679	$ 1,084	$ 1,169

f. Lease arrangements

Related Party Category/Name	For the Three Months Ended June 30 2023	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Lease expenses				
Taiwan Paiho Limited	$ 600	$ 39	$ 632	$ 69
Sister corporations	1,083	1,102	2,181	2,191
	$ 1,683	$ 1,141	$ 2,813	$ 2,260

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

	June 30, 2023	December 31, 2022	June 30, 2022
Future lease payables	$ 3,976	$ 4,604	$ 2,639

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

g. Disposals of property, plant and equipment

Related Party Category/Name	Line Item	Proceeds For the Six Months Ended June 30 2023	Proceeds For the Six Months Ended June 30 2022	Gain on Disposal For the Six Months Ended June 30 2023	Gain on Disposal For the Six Months Ended June 30 2022
Taiwan Paiho Limited	Machinery and equipment	$ -	$ 466	$ -	$ 285

h. Endorsements and guarantees

Endorsements and guarantees given by related parties

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Kuo-Ian Cheng			
Amount endorsed	$ 15,652,234	$ 15,330,745	$ 13,252,650
Amount utilized	(10,517,674)	(9,210,417)	(6,980,879)
	$ 5,134,560	$ 6,120,328	$ 6,271,771

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

i. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended March 31 2023	For the Three Months Ended March 31 2022	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Other income	Sister corporations	$ 1	$ -	$ 12	$ 11

j. Remuneration of key management personnel

	For the Three Months Ended June 30 2023	For the Three Months Ended June 30 2022	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Short-term employee benefits	$ 21,054	$ 44,153	$ 43,830	$ 73,424
Post-employment benefits	318	421	723	871
	$ 21,372	$ 44,574	$ 44,553	$ 74,295

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

27. 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at amortized cost	$ 76,551	$ 114,723	$ 20,749

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

a. Significant unrecognized commitments

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	$ 525,070	$ 867,804	$ 2,028,930

b. As of June 30, 2022, the Group had signed construction contracts but not yet paid for approximately $516,541 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.

29. 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:

	June 30, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount
Financial assets						
Monetary items						
USD	$ 14,893	7.2258 (Note 2)	$ 460,808	$ 13,247	6.9646 (Note 2)	$ 406,669
Financial liabilities						
Monetary items						
USD	521	7.2258 (Note 2)	16,124	1,312	6.9646 (Note 2)	40,263

	June 30, 2022		
	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount
Financial assets			
Monetary items			
USD	$ 21,240	6.7114 (Note 2)	$ 632,793
Financial liabilities			
Monetary items			
USD	11,322	6.7114 (Note 2)	337,298

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. The information below is based on functional currencies of the entities in the Group against USD. 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:

	For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.374 (RMB:NTD)	$ 14,047	4.446 (RMB:NTD)	$ 21,681
USD	30.705 (USD:NTD)	(4,156)	29.455 (USD:NTD)	9,709
HKD	3.916 (HKD:NTD)	(460)	3.753 (HKD:NTD)	(70)

	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.408 (RMB:NTD)	$ 7,888	4.426 (RMB:NTD)	$ 18,617
USD	30.550 (USD:NTD)	(7,269)	28.725 (USD:NTD)	5,035
HKD	3.897 (HKD:NTD)	(432)	3.670 (HKD:NTD)	(61)

30. 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. (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 4)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) 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 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 7)

b. 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 8)

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 6)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)

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, 5 and 6)

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 6)

c. 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 9)

31. 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 Six Months Ended June 30			
	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Production	$ 2,333,572	$ 3,572,342	$ (156,478)	$ 588,777
Construction	24,772	1,114,829	(47,070)	186,450
Total from continuing operations	$ 2,358,344	$ 4,687,171	(203,548)	775,227
Interest income			12,972	9,348
Other income and benefits			22,423	60,115
Finance costs			(243,587)	(69,218)
Other expenses and losses			(14,625)	(17,631)
Profit (loss) before income tax			$ (426,365)	$ 757,841

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.

TABLE 1

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 4 and 6)	Ending Balance (Notes 5 and 6)	Actual Amount Borrowed (Notes 5 and 7)	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, 2 and 3)	Aggregate Financing Limit (Notes 1, 2 and 3)
													Item	Value		
0	The Corporation	Vietnam Paihong Company Limited	Receivables from related parties	Yes	$ 2,183,683 (USD 71,000)	$ 2,133,090 (USD 68,500)	$ 2,133,090 (USD 68,500)	3-month USD Libor rate, plus 1.28%, 3-month USD TAIFX rate, plus 1.15% and 3-month USD TAIFX rate, plus 1.1%	Necessary for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 2,187,303	$ 2,187,303
1	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	352,400 (RMB 80,000)	342,560 (RMB 80,000)	42,820 (RMB 10,000)	4.2%	Necessary for short-term financing	-	Operating capital	-	-	-	1,955,177	1,955,177
		Shanghai Best Expectation Textile Trading Limited	Receivables from related parties	Yes	89,040 (RMB 20,000)	85,640 (RMB 20,000)	-	3.4%	Necessary for short-term financing	-	Operating capital	-	-	-	1,955,177	1,955,177
2	Hon Shin Corp.	Paihong Vietnam Company Limited	Receivables from related parties	Yes	199,713 (USD 6,500)	202,410 (USD 6,500)	202,410 (USD 6,500)	3-month USD TAIFX rate, plus 1.1%	Necessary for short-term financing	-	Operating capital	-	-	-	307,398	307,398
3	Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivables from related parties	Yes	890,400 (RMB 200,000)	642,300 (RMB 150,000)	256,920 (RMB 60,000)	3.4%	Necessary for short-term financing	-	Operating capital	-	-	-	1,253,188	1,253,188
		Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	528,600 (RMB 120,000)	513,840 (RMB 120,000)	235,510 (RMB 55,000)	4.2%	Necessary for short-term financing	-	Operating capital	-	-	-	3,132,970	3,132,970

Note 1: For borrowers which the Corporation and Thomas Dynamic Material (Jiangsu) Co., Ltd. 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: The individual and total amount of lending to the Thomas Dynamic Material (Jiangsu) Co., Ltd. directly or indirectly, by the Dongguan Paihong Industry Co., Ltd. not exceed 40% of the net worth of lender.

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

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

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

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	$ 13,670,643	$ 88,995 (USD 3,000)	$ -	$ -	$ -	-	$ 21,873,028	Yes	-	-
		Vietnam Paihong Company Limited	Note 1	13,670,643	5,534,349 (USD 183,000)	4,655,430 (USD 149,500)	4,453,394 (USD 143,012)	-	85.14%	21,873,028	Yes	-	-
		Hong Kong Best Expectation International Trading Limited	Note 1	13,670,643	4,458,000 (USD 150,000)	4,671,000 (USD 150,000)	3,736,800 (USD 120,000)	-	85.42%	21,873,028	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 250% of the Corporation, and the total amount shall not exceed the 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 400% 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

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Dongguan Paihong Industry Co., Ltd.	Equity	Investments accounted for using equity method	Shanghai Best Expectation Textile Trading Limited	Subsidiaries	-	$ (703,347) (RMB 159,562)	-	$ 1,091,473 (RMB 247,640)	-	$ -	$ -	$ -	-	$ (583,128) (RMB 136,181) (Notes 2 and 3)

Note 1: The amounts denominated in foreign currency were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 2: The ending balance included investment income or loss from Investments accounted for using equity method and exchange differences on translating foreign operations.

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

TABLE 4

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 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 Company Limited	Construction in progress	March 25, 2022 and May 10, 2022	VND 2,098,996,539	As of June 30, 2023, VND 1,701,692,872 has been paid	NEWTECONS INVESTMENT CONSTRUCTION JOINT STOCK COMPANY	-	-	-	-	-	Refer to market price and set out by mutual agreement	Operating purpose	-
Vietnam Paihong Company Limited	Construction in progress	August 25, 2022	VND 254,164,430	As of June 30, 2023, VND 214,526,113 has been paid	ACTER GROUP CORPORATION LIMITED	-	-	-	-	-	Refer to market price and set out by mutual agreement	Operating purpose	-

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

TABLE 5

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 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 Company Limited	Note 2	$ 2,155,544 (USD 69,221)	-	$ -	-	$ 348,794 (USD 11,201)	$ -
Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Note 2	257,658 (RMB 60,172)	3.41	-	-	256,920 (RMB 60,000)	-
	Wuxi Paihong Real Estate Co., Ltd.	Note 2	240,267 (RMB 56,111)	-	-	-	-	-
Hon Shin Corp.	Vietnam Paihong Company Limited	Note 2	333,255 (USD 10,702)	-	-	-	-	-

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

Note 2: Refer to 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 SIX MONTHS ENDED JUNE 30, 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 Company Limited	1	Receivables from related parties	USD 69,221	-	12
		Vietnam Paihong Company Limited	1	Interest income	USD 2,085	-	3
		Vietnam Paihong Company Limited	1	Other revenue	USD 435	-	1
		Hon Shin Corp.	1	Other revenue	USD 600	-	1
1	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Dongguan Paihong Industry Co., Ltd.	1	Other payables	RMB 60,172	-	11
		Dongguan Paihong Industry Co., Ltd.	1	Sales	RMB 4,308	About 3 months	1
2	Dongguan Paihong Industry Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	3	Receivables from related parties	RMB 56,111	-	1
3	Hon Shin Corp.	Vietnam Paihong Company Limited	3	Receivables from related parties	USD 6,560	-	1
		Vietnam Paihong Company Limited	3	Trade receivables	USD 4,142	About 3 months	1
4	Vietnam Paihong Company Limited	Hong Kong Best Expectation International Trading Limited	2	Sales	USD 2,941	About 3 months	1

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 INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 1)			
The Corporation	Hong Kong Antex Limited	Hong Kong	International investments	USD 54,335	USD 54,335	54,334,644	100	$ 4,207,950	$ (438,542)	$ (438,542)	Subsidiary
	Hon Shin Corp.	British Samoa	International investments and trade	USD 20,000	USD 79,000	20,000,000	100	318,060	(13,956)	(13,956)	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	(1,830,788)	(399,766)	(Note 3)	Sub - Subsidiary
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Company Limited	Binh Duong Province, Vietnam	Production & marketing of mesh and other fabrics	USD 133,000	USD 133,000	-	100	1,688,706	(297,188)	(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 8.

Note 3: Not applicable.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 7)	Carrying Amount as of June 30, 2023 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of Touch Fasteners, Webbing and Embroidery	$ 1,646,824 (RMB 384,592)	(Note 1)	$ 1,131,472 (USD 36,335)	$ -	$ -	$ 1,131,472 (USD 36,335)	$ (453,072)	99.99	$ (450,522)	$ 4,482,363	$ 1,762,351 (USD 2,512) (RMB 393,304)
Dongguan Paihong Industry Co., Ltd	Production & Marketing of Touch Fastener, Elastic, Various Type of Webbings and Jacquard Engineered Mesh, And Consumer Electronic Accessories, etc.	1,528,793 (RMB 357,028)	(Note 1)	560,520 (USD 18,000)	-	-	560,520 (USD 18,000)	(97,835)	99.99	(98,602)	2,145,144	660,867 (RMB 154,336)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,627,160 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	(66,092)	99.99	(66,353)	2,612,755	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	556,660 (RMB 130,000)	(Note 1)	(Note 3)	-	-	(Note 3)	(26,844)	100	(26,844)	251,155	-
Shanghai Best Expectation Textile Trading Limited	International investments and trade	1,789,876 (RMB 418,000)	(Note 1)	(Note 4)			(Note 4)	(403,698)	99.99	(408,086)	(749,909)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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 audited by the Corporation’s independent auditors.

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 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.