

**Paiho Shih Holdings Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2025 and 2024 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, 2025 and 2024, and the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, 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 material accounting policy information (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, 2025 and 2024, and its consolidated financial performance for the three months ended June 30, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 2024 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 Financial Statement Audit and Attestation Engagements of 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, 2025. 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, 2025 is described as follows:

### Revenue Recognition

The Group is mainly engaged in the manufacturing and sale of touch fasteners, webbing (shoelaces), elastics, and jacquard engineered mesh as well as the sale of residential buildings constructed by entrusted construction contractors. Transactions with certain significant customers represented a substantial portion of the overall operating revenue. Given the volatility of the economic environment, there was an elevated risk regarding the accuracy and validity of revenue recognized from these customers. Accordingly, the recognition of revenue from specific customers was identified as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

Our audit procedures in relation to revenue recognition included the following:

1. Gaining an understanding of the design and implementation of the internal controls over revenue recognition, sampled and inspected the appropriateness of those controls.
2. Selecting samples of the sales records of specific customers and verifying these transactions by tracing them to supporting documents including sales orders, delivery notes, or payment vouchers to confirm the validity of revenue recognition.

### **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, 2025 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 21, 2025

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)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,399,826	8	\$ 1,581,668	9	\$ 1,725,443	9
Financial assets at amortized cost - current (Notes 7 and 27)	-	-	-	-	64,900	-
Notes receivable (Note 8)	2,896	-	3,439	-	794	-
Trade receivables (Note 8)	1,261,070	8	1,360,095	7	1,340,044	7
Trade receivables - related parties (Notes 8 and 26)	15,098	-	5,968	-	8,623	-
Other receivables	38,865	-	103,694	-	74,863	1
Inventories - manufacturing (Note 9)	1,228,365	7	1,235,772	7	1,304,987	7
Inventories - constructing (Note 9)	1,340,083	8	1,596,150	9	2,080,561	11
Other current assets (Note 15)	379,976	2	334,975	2	576,089	3
Total current assets	<u>5,666,179</u>	<u>33</u>	<u>6,221,761</u>	<u>34</u>	<u>7,176,304</u>	<u>38</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at amortized cost - non-current (Notes 7 and 27)	203,112	1	10,038	-	61,570	-
Property, plant and equipment (Notes 11 and 22)	8,246,299	49	9,302,244	51	10,135,828	54
Right-of-use assets (Note 12)	815,162	5	918,386	5	951,935	5
Investment properties (Note 13)	1,427,923	9	1,387,588	8	195,973	1
Goodwill (Note 14)	131,473	1	148,721	1	146,288	1
Other intangible assets	941	-	1,092	-	1,145	-
Deferred tax assets (Note 23)	62,331	-	71,306	-	61,429	-
Prepayments for machinery and equipment	398,431	2	144,343	1	73,127	1
Other non-current assets (Note 15)	10,430	-	12,407	-	25,242	-
Total non-current assets	<u>11,296,102</u>	<u>67</u>	<u>11,996,125</u>	<u>66</u>	<u>11,652,537</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 16,962,281</u>	<u>100</u>	<u>\$ 18,217,886</u>	<u>100</u>	<u>\$ 18,828,841</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 16 and 27)	\$ 5,818,378	34	\$ 6,177,283	34	\$ 7,143,723	38
Contract liabilities - current (Note 21)	24,724	-	25,839	-	31,964	-
Trade payables	307,087	2	331,281	2	377,873	2
Trade payables - related parties (Note 26)	62,857	1	72,338	-	82,967	1
Other payables (Notes 17 and 26)	503,940	3	524,614	3	426,141	2
Current tax liabilities (Note 23)	50,660	-	34,914	-	37,811	-
Lease liabilities - current (Note 12)	330	-	716	-	697	-
Current portion of long-term borrowings (Notes 16 and 27)	308,955	2	334,962	2	261,136	1
Other current liabilities	14,445	-	16,879	-	14,408	-
Total current liabilities	<u>7,091,376</u>	<u>42</u>	<u>7,518,826</u>	<u>41</u>	<u>8,376,720</u>	<u>44</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 16 and 27)	2,860,446	17	3,260,188	18	3,255,487	17
Deferred tax liabilities (Note 23)	531,535	3	571,118	3	551,048	3
Lease liabilities - non-current (Note 12)	-	-	-	-	359	-
Deferred revenue - non-current	100,115	-	113,407	1	116,319	1
Net defined benefit liabilities - non-current (Note 18)	133,217	1	126,558	1	147,645	1
Guarantee deposits received	15,967	-	16,361	-	14,440	-
Total non-current liabilities	<u>3,641,280</u>	<u>21</u>	<u>4,087,632</u>	<u>23</u>	<u>4,085,298</u>	<u>22</u>
Total liabilities	<u>10,732,656</u>	<u>63</u>	<u>11,606,458</u>	<u>64</u>	<u>12,462,018</u>	<u>66</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>						
Common stock	3,999,370	24	3,999,370	22	3,999,370	21
Share dividends to be distributed	199,968	1	-	-	-	-
Capital surplus	1,015,572	6	1,015,572	6	1,015,572	6
Retained earnings						
Special reserve	715,193	4	715,193	4	715,193	4
Unappropriated earnings	1,408,292	9	1,375,014	7	1,176,213	6
Other equity	(1,109,223)	(7)	(494,184)	(3)	(539,973)	(3)
Total equity attributable to owners of the Corporation	<u>6,229,172</u>	<u>37</u>	<u>6,610,965</u>	<u>36</u>	<u>6,366,375</u>	<u>34</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>453</u>	<u>-</u>	<u>463</u>	<u>-</u>	<u>448</u>	<u>-</u>
Total equity	<u>6,229,625</u>	<u>37</u>	<u>6,611,428</u>	<u>36</u>	<u>6,366,823</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 16,962,281</u>	<u>100</u>	<u>\$ 18,217,886</u>	<u>100</u>	<u>\$ 18,828,841</u>	<u>100</u>

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			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 21 and 26)	\$ 1,771,686	100	\$ 1,734,240	100	\$ 3,712,289	100	\$ 3,266,587	100
COST OF GOODS SOLD (Notes 9, 21, 22 and 26)	<u>1,104,435</u>	<u>62</u>	<u>1,086,489</u>	<u>63</u>	<u>2,239,515</u>	<u>60</u>	<u>2,063,100</u>	<u>63</u>
GROSS PROFIT	<u>667,251</u>	<u>38</u>	<u>647,751</u>	<u>37</u>	<u>1,472,774</u>	<u>40</u>	<u>1,203,487</u>	<u>37</u>
OPERATING EXPENSES (Notes 22 and 26)								
Selling and marketing expenses	141,810	8	123,696	7	286,225	8	240,220	7
General and administrative expenses	157,286	9	187,249	11	336,559	9	340,418	11
Research and development expenses	98,026	6	95,013	5	190,493	5	169,169	5
Expected credit loss (Note 8)	<u>872</u>	<u>-</u>	<u>1,142</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>3,693</u>	<u>-</u>
Total operating expenses	<u>397,994</u>	<u>23</u>	<u>407,100</u>	<u>23</u>	<u>813,674</u>	<u>22</u>	<u>753,500</u>	<u>23</u>
PROFIT (LOSS) FROM OPERATIONS	<u>269,257</u>	<u>15</u>	<u>240,651</u>	<u>14</u>	<u>659,100</u>	<u>18</u>	<u>449,987</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Note 22)	(125,140)	(7)	(103,640)	(6)	(258,219)	(7)	(215,969)	(7)
Interest income	5,648	1	8,258	1	9,967	-	17,867	1
Other income (Notes 22 and 26)	33,950	2	20,615	1	68,901	2	32,699	1
Other gains and losses (Note 22)	<u>(48,728)</u>	<u>(3)</u>	<u>(14,707)</u>	<u>(1)</u>	<u>(67,901)</u>	<u>(2)</u>	<u>(27,439)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(134,270)</u>	<u>(7)</u>	<u>(89,474)</u>	<u>(5)</u>	<u>(247,252)</u>	<u>(7)</u>	<u>(192,842)</u>	<u>(6)</u>
PROFIT BEFORE INCOME TAX	134,987	8	151,177	9	411,848	11	257,145	8
INCOME TAX EXPENSE (Note 23)	<u>57,003</u>	<u>3</u>	<u>28,546</u>	<u>2</u>	<u>118,579</u>	<u>3</u>	<u>66,912</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>77,984</u>	<u>5</u>	<u>122,631</u>	<u>7</u>	<u>293,269</u>	<u>8</u>	<u>190,233</u>	<u>6</u>
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Foreign exchange differences on translation to presentation currency	(815,468)	(46)	89,058	5	(728,935)	(20)	315,344	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			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 73,720	4	\$ (37,632)	(2)	\$ 113,854	3	\$ (140,114)	(4)
Other comprehensive (loss) income for the period	(741,748)	(42)	51,426	3	(615,081)	(17)	175,230	5
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<u>\$ (663,764)</u>	<u>(37)</u>	<u>\$ 174,057</u>	<u>10</u>	<u>\$ (321,812)</u>	<u>(9)</u>	<u>\$ 365,463</u>	<u>11</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>								
Owners of the Corporation	\$ 77,974	4	\$ 122,622	7	\$ 293,237	8	\$ 190,217	6
Non-controlling interests	10	-	9	-	32	-	16	-
	<u>\$ 77,984</u>	<u>4</u>	<u>\$ 122,631</u>	<u>7</u>	<u>\$ 293,269</u>	<u>8</u>	<u>\$ 190,233</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>								
Owners of the Corporation	\$ (663,722)	(37)	\$ 174,046	10	\$ (321,802)	(9)	\$ 365,437	11
Non-controlling interests	(42)	-	11	-	(10)	-	26	-
	<u>\$ (663,764)</u>	<u>(37)</u>	<u>\$ 174,057</u>	<u>10</u>	<u>\$ (321,812)</u>	<u>(9)</u>	<u>\$ 365,463</u>	<u>11</u>
<b>EARNINGS PER SHARE (Note 24)</b>								
Basic	<u>\$ 0.19</u>		<u>\$ 0.29</u>		<u>\$ 0.70</u>		<u>\$ 0.46</u>	
Diluted	<u>\$ 0.19</u>		<u>\$ 0.29</u>		<u>\$ 0.70</u>		<u>\$ 0.46</u>	

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

(Concluded)

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation							Total	Non-controlling Interests	Total Equity
	Common Stock (Note 20)	Advance Receipt of Shares (Note 20)	Share Dividends to be Distributed (Note 20)	Capital Surplus (Note 20) Additional Paid-in Capital	Retained Earnings (Note 20) Special Reserve		Unappropriated Earnings			
BALANCE AT JANUARY 1, 2024	\$ 3,309,370	\$ 69,599	\$ -	\$ 466,677	\$ 568,162	\$ 1,133,027	\$ (715,193)	\$ 4,831,642	\$ 422	\$ 4,832,064
Issuance of ordinary shares of cash	690,000	(69,599)	-	548,895	-	-	-	1,169,296	-	1,169,296
Appropriation of 2023 earnings Special reserve	-	-	-	-	147,031	(147,031)	-	-	-	-
Net profit for the six months ended June 30, 2024	-	-	-	-	-	190,217	-	190,217	16	190,233
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	175,220	175,220	10	175,230
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	190,217	175,220	365,437	26	365,463
BALANCE AT JUNE 30, 2024	<u>\$ 3,999,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,572</u>	<u>\$ 715,193</u>	<u>\$ 1,176,213</u>	<u>\$ (539,973)</u>	<u>\$ 6,366,375</u>	<u>\$ 448</u>	<u>\$ 6,366,823</u>
BALANCE AT JANUARY 1, 2025	\$ 3,999,370	\$ -	\$ -	\$ 1,015,572	\$ 715,193	\$ 1,375,014	\$ (494,184)	\$ 6,610,965	\$ 463	\$ 6,611,428
Appropriation of 2024 earnings Cash dividend	-	-	-	-	-	(59,991)	-	(59,991)	-	(59,991)
Share dividends	-	-	199,968	-	-	(199,968)	-	-	-	-
Net profit for the six months ended June 30, 2025	-	-	-	-	-	293,237	-	293,237	32	293,269
Other comprehensive loss for the six months ended June 30, 2025	-	-	-	-	-	-	(615,039)	(615,039)	(42)	(615,081)
Total comprehensive income loss for the six months ended June 30, 2025	-	-	-	-	-	293,237	(615,039)	(321,802)	(10)	(321,812)
BALANCE AT JUNE 30, 2025	<u>\$ 3,999,370</u>	<u>\$ -</u>	<u>\$ 199,968</u>	<u>\$ 1,015,572</u>	<u>\$ 715,193</u>	<u>\$ 1,408,292</u>	<u>\$ (1,109,223)</u>	<u>\$ 6,229,172</u>	<u>\$ 453</u>	<u>\$ 6,229,625</u>

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	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 411,848	\$ 257,145
Adjustments for:		
Depreciation expense	430,148	370,547
Amortization expense	61	61
Expected credit loss recognized on trade receivables	397	3,693
Finance costs	258,219	215,969
Interest income	(9,967)	(17,867)
Loss on disposal of property, plant and equipment	232	811
Write-downs of inventories	21,633	32,780
Unrealized foreign currency exchange loss, net	26,389	578
Others	(3,750)	(3,775)
Changes in operating assets and liabilities		
Notes receivable	193	1,469
Trade receivables	(75,732)	(274,332)
Other receivables	58,256	2,698
Inventories - manufacturing	(162,948)	(73,381)
Inventories - constructing	22,039	13,191
Other current assets	(88,450)	189,092
Contract liabilities	1,927	15,652
Trade payables	9,934	92,779
Other payables	(17,422)	(156,795)
Other current liabilities	(613)	1,609
Net defined benefit liabilities	21,867	7,112
Cash generated from operations	904,261	679,036
Interest received	9,967	17,867
Interest paid	(271,438)	(211,666)
Income tax paid	(64,800)	(79,014)
Net cash generated from operating activities	<u>577,990</u>	<u>406,223</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(219,073)	(54,434)
Proceeds from disposal of financial assets at amortized cost	8,539	282,663
Payments for property, plant and equipment	(99,609)	(619,201)
Proceeds from disposal of property, plant and equipment	15,025	158
Decrease in refundable deposits	5,282	901
Acquisition of investment properties	(55)	-
Increase in other non-current assets	(7,457)	(525)
Increase in prepayments for machinery and equipment	(437,090)	(66,086)
Net cash used in investing activities	<u>(734,438)</u>	<u>(456,524)</u>

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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	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayments of) from short-term borrowings	\$ 358,901	\$ (1,095,778)
Proceeds from long-term borrowings	51,802	114,731
Repayments of long-term borrowings	(163,124)	(99,411)
Proceeds from guarantee deposits received	1,463	1,229
Repayment of the principal portion of lease liabilities	(347)	(337)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>1,169,296</u>
Net cash generated from financing activities	<u>248,695</u>	<u>89,730</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(274,089)</u>	<u>233,312</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(181,842)	272,741
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,581,668</u>	<u>1,452,702</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,399,826</u>	<u>\$ 1,725,443</u>

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

(Concluded)

# PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 21, 2025.

### 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”- The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- 1) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
  - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
  - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- 2) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- 3) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

##### **c. 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 the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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.

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

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

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\$3,999,370 thousand at June 30, 2025. 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

Inventory includes housing held for sale. 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 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 has 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.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) 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 are received.

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. Share-based payment arrangements

Employee share options granted to employees. The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

u. 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 US reciprocal tariffs on the cash flow projection, 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**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Petty cash and cash on hand	\$ 9,688	\$ 11,490	\$ 12,965
Checking accounts and demand deposits	1,198,544	1,300,895	1,341,861
Cash equivalents (deposit accounts with original maturities of 3 months or less)	<u>191,594</u>	<u>269,283</u>	<u>370,617</u>
	<u>\$ 1,399,826</u>	<u>\$ 1,581,668</u>	<u>\$ 1,725,443</u>

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Restricted deposits	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>  64,900</u>
<u>Non-current</u>			
Restricted deposits	\$ <u>  203,112</u>	\$ <u>   10,038</u>	\$ <u>   61,570</u>

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, 2025	December 31, 2024	June 30, 2024
<u>Notes receivable</u>			
At amortized cost	\$ <u>   2,896</u>	\$ <u>   3,439</u>	\$ <u>      794</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,281,555	\$ 1,374,216	\$ 1,355,818
Less: Allowance for impairment loss	<u>      (5,387)</u>	<u>      (8,153)</u>	<u>      (7,151)</u>
	<u>\$ 1,276,168</u>	<u>\$ 1,366,063</u>	<u>\$ 1,348,667</u>

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

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

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

The Group does not have overdue notes receivable. The movements of the loss allowance of trade receivables were as follows:

	0 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 181 Days	Total
<u>June 30, 2025</u>						
Expected credit loss rate	0.0032%	5%	5%	5%	5%-100%	
Gross carrying amount	\$ 1,239,068	\$ 14,955	\$ 10,226	\$ 7,804	\$ 9,502	\$ 1,281,555
Loss allowance (Lifetime ECLs)	<u>(39)</u>	<u>(748)</u>	<u>(511)</u>	<u>(390)</u>	<u>(3,699)</u>	<u>(5,387)</u>
Amortized cost	<u>\$ 1,239,029</u>	<u>\$ 14,207</u>	<u>\$ 9,715</u>	<u>\$ 7,414</u>	<u>\$ 5,803</u>	<u>\$ 1,276,168</u>
<u>December 31, 2024</u>						
Expected credit loss rate	0.0029%	5%	5%	5%	5%-100%	
Gross carrying amount	\$ 1,312,937	\$ 42,335	\$ 6,469	\$ 1,852	\$ 10,623	\$ 1,374,216
Loss allowance (Lifetime ECLs)	<u>(39)</u>	<u>(2,121)</u>	<u>(323)</u>	<u>(93)</u>	<u>(5,577)</u>	<u>(8,153)</u>
Amortized cost	<u>\$ 1,312,898</u>	<u>\$ 40,214</u>	<u>\$ 6,146</u>	<u>\$ 1,759</u>	<u>\$ 5,046</u>	<u>\$ 1,366,063</u>
<u>June 30, 2024</u>						
Expected credit loss rate	0.0005%	5%	5%	5%	5%-100%	
Gross carrying amount	\$ 1,317,648	\$ 22,505	\$ 6,308	\$ 1,716	\$ 7,641	\$ 1,355,818
Loss allowance (Lifetime ECLs)	<u>(6)</u>	<u>(1,125)</u>	<u>(316)</u>	<u>(86)</u>	<u>(5,618)</u>	<u>(7,151)</u>
Amortized cost	<u>\$ 1,317,642</u>	<u>\$ 21,380</u>	<u>\$ 5,992</u>	<u>\$ 1,630</u>	<u>\$ 2,023</u>	<u>\$ 1,348,667</u>

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

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 8,153	\$ 3,406
Net remeasurement of loss allowance	397	3,693
Amounts written off	(2,601)	(67)
Foreign exchange gains and losses	<u>(562)</u>	<u>119</u>
Balance at June 30	<u>\$ 5,387</u>	<u>\$ 7,151</u>

## 9. INVENTORIES

### a. Manufacturing

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>	
Finished goods	\$ 336,181	\$ 329,122	\$ 342,020	
Work in process	590,202	565,866	561,412	
Raw materials and supplies	291,721	312,624	384,585	
Inventory in transit	<u>10,261</u>	<u>28,160</u>	<u>16,970</u>	
	<u>\$ 1,228,365</u>	<u>\$ 1,235,772</u>	<u>\$ 1,304,987</u>	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Cost of inventories sold	\$ 1,083,384	\$ 1,070,978	\$ 2,194,667	\$ 2,015,720
Inventory write-downs	<u>8,014</u>	<u>15,511</u>	<u>21,633</u>	<u>32,780</u>
	<u>\$ 1,091,398</u>	<u>\$ 1,086,489</u>	<u>\$ 2,216,300</u>	<u>\$ 2,048,500</u>

### b. Construction industry

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>	
Construction to be sold	<u>\$ 1,340,083</u>	<u>\$ 1,596,150</u>	<u>\$ 2,080,561</u>	
<u>Construction to be sold</u>				
<b>Location</b>	<b>Project Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 230,407	\$ 264,901	\$ 262,484
	Paiho International Mansion - Season Two	244,287	277,898	275,721
	Paiho Business Plaza	<u>865,389</u>	<u>1,053,351</u>	<u>1,542,356</u>
		<u>\$ 1,340,083</u>	<u>\$ 1,596,150</u>	<u>\$ 2,080,561</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Cost of inventories sold	<u>\$ 13,037</u>	<u>\$ -</u>	<u>\$ 23,215</u>	<u>\$ 14,600</u>

## 10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			June 30, 2025	December 31, 2024	June 30, 2024
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
	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	17	18	21
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	International investment and trading	83	82	79
	Shanghai Best Expectation Textile Trading Limited	International investment and trading	100	100	100
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Company Limited	Production & marketing of mesh and other fabrics.	100	100	100
Vietnam Paihong Limited Company	PT PAIHONG PRIMA INDONESIA	Production & marketing of mesh and other fabrics.	-	-	-
	PT PAIHONG PRIMA INDONESIA	Production & marketing of mesh and other fabrics.	-	-	-

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

The Company resolved to establish PT Paihong Prima Indonesia through a board resolution on December 24, 2024. The investment was made through Hong Kong Best Expectation International Trading Limited and Vietnam Paihong Limited Company, with capital contributions of US\$ 4,950 thousand and US\$ 50 thousand, respectively. PT Paihong Prima Indonesia completed its registration in February 2025, but had not yet received capital injection as of June 30, 2025.

The Company resolved to dissolve and liquidate Hon Shin Corp. on July 1, 2025.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2025	\$ 7,625,680	\$ 6,385,451	\$ 155,051	\$ 735,354	\$ 10,196	\$14,911,732
Additions	13,440	32,663	1,244	5,628	45,709	98,684
Disposals	(9,245)	(159,880)	(3,743)	(19,189)	-	(192,057)
Reclassified	(42,732)	108,406	3,241	4,922	(4,468)	69,369
Translation Adjustments	<u>(675,325)</u>	<u>(563,495)</u>	<u>(13,722)</u>	<u>(70,020)</u>	<u>(3,531)</u>	<u>(1,326,093)</u>
Balance at June 30, 2025	<u>\$ 6,911,818</u>	<u>\$ 5,803,145</u>	<u>\$ 142,071</u>	<u>\$ 656,695</u>	<u>\$ 47,906</u>	<u>\$13,561,635</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2025	\$ 1,506,998	\$ 3,439,319	\$ 85,727	\$ 577,444	\$ -	\$ 5,609,488
Additions	122,536	234,539	6,867	33,051	-	396,993
Disposals	(9,245)	(147,207)	(3,591)	(16,757)	-	(176,800)
Reclassified	(1,707)	944	-	-	-	(763)
Translation Adjustments	<u>(138,879)</u>	<u>(308,979)</u>	<u>(7,778)</u>	<u>(57,946)</u>	<u>-</u>	<u>(513,582)</u>
Balance at June 30, 2025	<u>\$ 1,479,703</u>	<u>\$ 3,218,616</u>	<u>\$ 81,225</u>	<u>\$ 535,792</u>	<u>\$ -</u>	<u>\$ 5,315,336</u>
Carrying amount at June 30, 2025	<u>\$ 5,432,115</u>	<u>\$ 2,584,529</u>	<u>\$ 60,846</u>	<u>\$ 120,903</u>	<u>\$ 47,906</u>	<u>\$ 8,246,299</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 4,258,024	\$ 5,934,335	\$ 145,401	\$ 708,843	\$ 3,363,646	\$14,410,249
Additions	4,749	14,356	-	2,860	381,048	403,013
Disposals	(13,929)	(4,531)	(1,175)	(12,635)	-	(32,270)
Reclassified	4,521	64,090	6,113	(3,423)	13,158	84,459
Translation Adjustments	<u>125,667</u>	<u>178,764</u>	<u>4,328</u>	<u>19,345</u>	<u>114,669</u>	<u>442,773</u>
Balance at June 30, 2024	<u>\$ 4,379,032</u>	<u>\$ 6,187,014</u>	<u>\$ 154,667</u>	<u>\$ 714,990</u>	<u>\$ 3,872,521</u>	<u>\$15,308,224</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 1,278,183	\$ 2,857,215	\$ 76,851	\$ 498,267	\$ -	\$ 4,710,516
Additions	80,395	233,429	6,690	35,283	-	355,797
Disposals	(13,929)	(4,103)	(1,116)	(12,153)	-	(31,301)
Reclassified	-	(843)	241	602	-	-
Translation Adjustments	<u>35,822</u>	<u>85,497</u>	<u>2,287</u>	<u>13,778</u>	<u>-</u>	<u>137,384</u>
Balance at June 30, 2024	<u>\$ 1,380,471</u>	<u>\$ 3,171,195</u>	<u>\$ 84,953</u>	<u>\$ 535,777</u>	<u>\$ -</u>	<u>\$ 5,172,396</u>
Carrying amount at June 30, 2024	<u>\$ 2,998,561</u>	<u>\$ 3,015,819</u>	<u>\$ 69,714</u>	<u>\$ 179,213</u>	<u>\$ 3,872,521</u>	<u>\$10,135,828</u>

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

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

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024	
<u>Carrying amount</u>				
Land	\$ 814,841	\$ 917,683	\$ 950,889	
Transportation equipment	<u>321</u>	<u>703</u>	<u>1,046</u>	
	<u>\$ 815,162</u>	<u>\$ 918,386</u>	<u>\$ 951,935</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2025	2024	2025	2024
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,371</u>
Depreciation charge for right-of-use assets				
Land	\$ 6,195	\$ 6,227	\$ 12,332	\$ 12,325
Transportation equipment	<u>167</u>	<u>175</u>	<u>344</u>	<u>346</u>
	<u>\$ 6,362</u>	<u>\$ 6,402</u>	<u>\$ 12,676</u>	<u>\$ 12,671</u>

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, 2025 and 2024.

### b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amount</u>			
Current	<u>\$ 330</u>	<u>\$ 716</u>	<u>\$ 697</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Transportation equipment	3.7	3.7	3.7

### c. Other lease information

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2025	2024	2025	2024
Expenses relating to short-term leases	<u>\$ 3,307</u>	<u>\$ 3,539</u>	<u>\$ 6,417</u>	<u>\$ 7,128</u>
Total cash outflow for leases			<u>\$ (6,774)</u>	<u>\$ (7,487)</u>

### 13. INVESTMENT PROPERTIES

	<b>For the Six Months Ended June 30, 2025</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reclassified</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>					
Properties for sale	\$ 668,384	\$ 55	\$ 104,662	\$ (64,691)	\$ 708,410
Right-of-use land and building	<u>740,887</u>	<u>-</u>	<u>94,188</u>	<u>(73,362)</u>	<u>761,713</u>
	<u>1,409,271</u>	<u>\$ 55</u>	<u>\$ 198,850</u>	<u>\$ (138,053)</u>	<u>1,470,123</u>
<u>Accumulated depreciation</u>					
Properties for sale	10,068	\$ 11,718	\$ -	\$ (1,651)	20,135
Right-of-use land and building	<u>11,615</u>	<u>8,761</u>	<u>3,600</u>	<u>(1,911)</u>	<u>22,065</u>
	<u>21,683</u>	<u>\$ 20,479</u>	<u>\$ 3,600</u>	<u>\$ (3,562)</u>	<u>42,200</u>
	<u>\$ 1,387,588</u>				<u>\$ 1,427,923</u>

	<b>For the Six Months Ended June 30, 2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reclassified</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>					
Properties for sale	\$ 93,092	<u>-</u>	<u>\$ 102,379</u>	<u>\$ 3,191</u>	\$ 198,662
<u>Accumulated depreciation</u>					
Properties for sale	<u>836</u>	<u>\$ 2,079</u>	<u>\$ (261)</u>	<u>\$ 35</u>	<u>2,689</u>
	<u>\$ 92,256</u>				<u>\$ 195,973</u>

The investment properties - properties for sale were properties for sale located in Wuxi, China and were subleased under operating leases. The investment properties are leased out for 1-3 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The investment properties - the right-of-use land and building were properties for sale located in Binh Duong Province, Vietnam and were subleased under operating leases. The investment properties are leased out for 2-5 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Year 1	\$ 64,900	\$ 87,001	\$ 10,472
Year 2	54,192	78,305	3,772
Year 3	31,435	66,572	-
Year 4	21,843	47,618	-
Year 5	<u>-</u>	<u>23,711</u>	<u>-</u>
	<u>\$ 172,370</u>	<u>\$ 303,207</u>	<u>\$ 14,244</u>

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

Properties for sale	30 years
Right-of-use land and building	5-40 years

The fair values of the Group's investment properties - held-for-sale, right-of-use land and buildings were determined by the management with reference to the most recent fair value assessments conducted by independent appraisers as of each balance sheet date. Given that there were no significant changes in current market conditions, the fair values derived from those assessments remained relevant and reliable. The fair values of the investment properties are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value	<u>\$ 1,478,451</u>	<u>\$ 1,498,285</u>	<u>\$ 215,886</u>

#### 14. GOODWILL

	<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<u>Cost</u>		
Balance at January 1	\$ 148,721	\$ 138,427
Effects of foreign currency exchange differences	<u>(17,248)</u>	<u>7,861</u>
Balance at June 30	<u>\$ 131,473</u>	<u>\$ 146,288</u>

#### 15. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Tax overpaid retained for offsetting future tax payable	\$ 272,483	\$ 242,686	\$ 408,232
Prepayments	19,177	36,920	127,306
Prepaid expenses	48,399	39,096	19,871
Others	<u>39,917</u>	<u>16,273</u>	<u>20,680</u>
	<u>\$ 379,976</u>	<u>\$ 334,975</u>	<u>\$ 576,089</u>
<u>Non-current</u>			
Refundable deposits	\$ 3,867	\$ 9,763	\$ 18,998
Others	<u>6,563</u>	<u>2,644</u>	<u>6,244</u>
	<u>\$ 10,430</u>	<u>\$ 12,407</u>	<u>\$ 25,242</u>

## 16. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Unsecured borrowings</u>			
Secured borrowings	\$ -	\$ -	\$ 190,009
Line of credit borrowings	<u>5,818,378</u>	<u>6,177,283</u>	<u>6,953,714</u>
	<u>\$ 5,818,378</u>	<u>\$ 6,177,283</u>	<u>\$ 7,143,723</u>
<u>Rate of interest per annum (%)</u>			
Secured borrowings	-	-	6.98
Line of credit borrowings	2.18-6.74	2.17-7.27	2.09-8.17

### b. Long-term borrowings

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Unsecured borrowings</u>			
Line of credit borrowings - due in January 2026 - July 2031	\$ 3,169,401	\$ 3,595,150	\$ 3,516,623
Less: Current portion	<u>(308,955)</u>	<u>(334,962)</u>	<u>(261,136)</u>
Long-term borrowings	<u>\$ 2,860,446</u>	<u>\$ 3,260,188</u>	<u>\$ 3,255,487</u>
<u>Rate of interest per annum (%)</u>			
Unsecured loans	2.70-5.83	2.80-5.96	3.35-6.95

To meet the needs of future business development, Hong Kong Best Expectation International Trading Limited obtained a syndicated loan facility with a total credit line of US\$90 million from SinoPac Commercial Bank, E.SUN Commercial Bank, and EnTie Commercial Bank in December 2024. The purpose of the facility is to repay the existing syndicated loan originally obtained from KGI Commercial Bank and other financial institutions, and to provide adequate working capital for ongoing operations. According to the loan contract, the Group is required to maintain the following operational and financial ratios throughout the loan period:

- 1) Net financial liability [(total debt (including lease liabilities) minus cash (excluding restricted deposits)) ÷ the tangible net assets] as of December 31, 2024 and June 30, 2025 shall be maintained at 220% and 180% or lower, respectively, and thereafter.
- 2) Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] shall be maintain at 2.5 and 3 or higher as of December 31, 2024 and June 30, 2025 respectively, and thereafter.
- 3) Tangible net assets [total equity minus intangible assets] shall not be less than \$4.8 billion at any time during the loan period.

Furthermore, during the loan period, the Corporation is restricted from disposing of any material assets or rights, repurchasing shares or reducing capital without the prior consent of the creditor banks.

## 17. OTHER PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for salaries and bonuses	\$ 267,210	\$ 403,633	\$ 261,298
Others	<u>236,730</u>	<u>120,981</u>	<u>164,843</u>
	<u>\$ 503,940</u>	<u>\$ 524,614</u>	<u>\$ 426,141</u>

## 18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the pension expenses of defined benefit plans were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023 for 2025 and 2024.

## 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
<u>June 30, 2025</u>			
Assets			
Other receivables	\$ 465	-	\$ 465
Inventories - constructing	1,340,083	-	1,340,083
Other current assets	<u>62,818</u>	<u>-</u>	<u>62,818</u>
	<u>\$ 1,403,366</u>	<u>\$ -</u>	<u>\$ 1,403,366</u>
Liabilities			
Trade payables	\$ 5,101	\$ -	\$ 5,101
Other payables	24,249	-	24,249
Contract liabilities	<u>8,985</u>	<u>-</u>	<u>8,985</u>
	<u>\$ 38,335</u>	<u>\$ -</u>	<u>\$ 38,335</u>
<u>December 31, 2024</u>			
Assets			
Other receivables	\$ 732	-	\$ 732
Inventories - constructing	1,596,150	-	1,596,150
Other current assets	<u>69,750</u>	<u>-</u>	<u>69,750</u>
	<u>\$ 1,666,632</u>	<u>\$ -</u>	<u>\$ 1,666,632</u>

(Continued)

	<b>Within 1 Year</b>	<b>More Than 1 Year</b>	<b>Total</b>
<u>December 31, 2024</u>			
Liabilities			
Trade payables	\$ 32,897	\$ -	\$ 32,897
Other payables	19,104	-	19,104
Contract liabilities	<u>9,478</u>	<u>-</u>	<u>9,478</u>
	<u>\$ 61,479</u>	<u>\$ -</u>	<u>\$ 61,479</u>
<u>June 30, 2024</u>			
Assets			
Trade receivables	\$ -	\$ -	\$ -
Other receivables	53,442	-	53,442
Inventories - constructing	2,080,561	-	2,080,561
Other current assets	<u>77,317</u>	<u>-</u>	<u>77,317</u>
	<u>\$ 2,211,320</u>	<u>\$ -</u>	<u>\$ 2,211,320</u>
<u>June 30, 2024</u>			
Liabilities			
Trade payables	\$ 51,736	\$ -	\$ 51,736
Other payables	26,978	-	26,978
Contract liabilities	<u>25,277</u>	<u>-</u>	<u>25,277</u>
	<u>\$ 103,991</u>	<u>\$ -</u>	<u>\$ 103,991</u>

(Concluded)

## 20. EQUITY

### a. Common stock

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Number of shares authorized (in thousands)	<u>600,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>399,937</u>	<u>399,937</u>	<u>399,937</u>
Shares issued	<u>\$ 3,999,370</u>	<u>\$ 3,999,370</u>	<u>\$ 3,999,370</u>

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 19,997 thousand new shares at an aggregate amount of NT\$199,968 thousand through distributable earnings for the year ended December 31, 2024, which were resolved by shareholders in their meeting on June 10, 2025. The subscription base date was determined on July 30, 2025.

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 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended</b>	
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Special reserve	\$ -	\$ 147,031
Cash dividends	59,991	-
Share dividends	199,968	-
Cash dividends per share (NT\$)	0.15	-
Share dividends per share (NT\$)	0.5	-

The above 2024 appropriations for cash dividends were resolved by the Corporation's board of directors on March 11, 2025. For the year ended December 31 2024 and 2023 the other proposed appropriations were resolved by shareholders in their meeting on June 10, 2025 and June 18, 2024, respectively.

## 21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Revenue from sale of goods	\$ 1,750,084	\$ 1,734,240	\$ 3,673,350	\$ 3,237,019
Revenue from sale of real estate	<u>21,602</u>	<u>-</u>	<u>38,939</u>	<u>29,568</u>
	<u>\$ 1,771,686</u>	<u>\$ 1,734,240</u>	<u>\$ 3,712,289</u>	<u>\$ 3,266,587</u>
Operating cost				
Cost of goods sold	\$ 1,091,398	\$ 1,086,489	\$ 2,216,300	\$ 2,048,500
Cost of real estate sold	<u>13,037</u>	<u>-</u>	<u>23,215</u>	<u>14,600</u>
	<u>\$ 1,104,435</u>	<u>\$ 1,086,489</u>	<u>\$ 2,239,515</u>	<u>\$ 2,063,100</u>

### Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities - current			
Sales of real estate	\$ 8,985	\$ 9,478	\$ 25,277
Sale of goods	<u>15,739</u>	<u>16,361</u>	<u>6,687</u>
	<u>\$ 24,724</u>	<u>\$ 25,839</u>	<u>\$ 31,964</u>

## 22. NET PROFIT FROM CONTINUING OPERATIONS

### a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest on bank loans	\$ 125,136	\$ 103,629	\$ 258,209	\$ 215,946
Interest on lease liabilities	<u>4</u>	<u>11</u>	<u>10</u>	<u>23</u>
	<u>\$ 125,140</u>	<u>\$ 103,640</u>	<u>\$ 258,219</u>	<u>\$ 215,969</u>

Information on interest capitalization is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Capitalized interests on properties	\$ -	\$ 59,941	\$ -	\$ 115,130
Capitalization rates (%)	-	6.75	-	6.75

b. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Rental income	\$ 24,914	\$ 3,417	\$ 50,087	\$ 7,224
Subsidy income	3,468	7,131	7,014	10,635
Others	<u>5,568</u>	<u>10,067</u>	<u>11,800</u>	<u>14,840</u>
	<u>\$ 33,950</u>	<u>\$ 20,615</u>	<u>\$ 68,901</u>	<u>\$ 32,699</u>

c. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Depreciation expense of investment property	\$ (9,898)	\$ (1,351)	\$ (20,479)	\$ (2,079)
Gain (loss) on disposal of property, plant and equipment	141	(307)	(232)	(811)
Net foreign exchange losses	(33,908)	(3,136)	(33,517)	(12,425)
Others	<u>(5,063)</u>	<u>(9,913)</u>	<u>(13,673)</u>	<u>(12,124)</u>
	<u>\$ (48,728)</u>	<u>\$ (14,707)</u>	<u>\$ (67,901)</u>	<u>\$ (27,439)</u>

d. Employee benefits expense, depreciation and amortization expenses

	<b>Operating Costs</b>	<b>Operating Expenses and Non-Operating Expenses</b>	<b>Total</b>
<u>For the Three Months Ended June 30, 2025</u>			
Short-term employee benefits	\$ 233,667	\$ 195,689	\$ 429,356
Post-employment benefits			
Defined contribution plans	17,897	10,628	28,525
Defined benefit plans	-	3,329	3,329
Other employee benefits	25,672	14,692	40,364
Depreciation expenses	158,181	50,269	208,450
Amortization expenses	-	30	30
<u>For the Three Months Ended June 30, 2024</u>			
Short-term employee benefits	238,068	186,295	424,363
Post-employment benefits			
Defined contribution plans	16,487	9,776	26,263
Defined benefit plans	-	3,599	3,599
Other employee benefits	24,674	13,817	38,491
Depreciation expenses	147,922	38,502	186,424
Amortization expenses	-	31	31

	<b>Operating Costs</b>	<b>Operating Expenses and Non-Operating Expenses</b>	<b>Total</b>
<u>For the Six Months Ended June 30, 2025</u>			
Short-term employee benefits	\$ 458,795	\$ 420,087	\$ 878,882
Post-employment benefits			
Defined contribution plans	36,897	22,134	59,031
Defined benefit plans	-	6,659	6,659
Other employee benefits	49,644	29,453	79,097
Depreciation expenses	328,298	101,850	430,148
Amortization expenses	-	61	61
<u>For the Six Months Ended June 30, 2024</u>			
Short-term employee benefits	441,952	375,939	817,891
Post-employment benefits			
Defined contribution plans	32,550	19,309	51,859
Defined benefit plans	-	7,198	7,198
Other employee benefits	45,491	25,562	71,053
Depreciation expenses	293,714	76,833	370,547
Amortization expenses	-	61	61

e. Employees' compensation and remuneration of directors

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 0.1% and no higher than 3%. The employees' compensation and remuneration of directors for the six months ended June 30, 2025 and 2024 were as follows:

	<b>For the Six Months Ended June 30</b>			
	<b>2025</b>		<b>2024</b>	
<b>Accrual rate</b>				
Employees' compensation	0.12%		0.11%	
Remuneration of directors	0.83%		0.88%	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Amount</b>	<b>2025</b>		<b>2024</b>	
Employees' compensation (US Dollars)	<u>\$ 4,500</u>	<u>\$ 4,000</u>	<u>\$ 10,900</u>	<u>\$ 7,000</u>
Remuneration of directors (US Dollars)	<u>\$ 27,000</u>	<u>\$ 18,000</u>	<u>\$ 78,000</u>	<u>\$ 54,000</u>

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 amount of the remuneration of directors paid for March 11, 2025 differed from the amount recognized in the consolidated financial statements for the year ended December 31, 2024. The difference will be adjusted to profit and loss for the year ended December 31, 2025.

	<b>For the Year Ended December 31 2024 (US Dollars)</b>	
	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>
Amounts resolved in the board of directors' meetings	\$ 13,000	\$ 94,192
Amounts recognized in the financial statements	\$ 13,000	\$ 92,000

Information on the employees' and remuneration of directors resolved is available at the Market Observation Post System website of the TWSE.

f. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Foreign exchange gains	\$ 35,720	\$ 10,891	\$ 53,772	\$ 18,970
Foreign exchange losses	<u>(69,628)</u>	<u>(14,027)</u>	<u>(87,289)</u>	<u>(31,395)</u>
Net losses	<u>\$ (33,908)</u>	<u>\$ (3,136)</u>	<u>\$ (33,517)</u>	<u>\$ (12,425)</u>

## 23. TAXES

Major components of tax expense recognized in profit or loss:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current tax				
In respect of the current period	\$ 27,402	\$ 37,392	\$ 74,079	\$ 69,046
Adjustments for prior years	10,604	(22,570)	4,374	(30,298)
Land value increment tax	<u>2,575</u>	<u>-</u>	<u>5,336</u>	<u>13,182</u>
	<u>40,581</u>	<u>14,822</u>	<u>83,789</u>	<u>51,930</u>
Deferred tax				
In respect of the current period	<u>16,422</u>	<u>13,724</u>	<u>34,790</u>	<u>14,982</u>
Income tax expense recognized in profit or loss	<u>\$ 57,003</u>	<u>\$ 28,546</u>	<u>\$ 118,579</u>	<u>\$ 66,912</u>

## 24. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended June 30, 2025</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 77,974	419,934	<u>\$ 0.19</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>16</u>	
Basic diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 77,974</u>	<u>419,950</u>	<u>\$ 0.19</u>
<u>For the Three Months Ended June 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 122,622	419,934	<u>\$ 0.29</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>11</u>	
Basic diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 122,622</u>	<u>419,945</u>	<u>\$ 0.29</u>
<u>For the Six Months Ended June 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 293,237	419,934	<u>\$ 0.70</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>22</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 293,237</u>	<u>419,956</u>	<u>\$ 0.70</u>
<u>For the Six Months Ended June 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 190,217	411,972	<u>\$ 0.46</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>11</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 190,217</u>	<u>419,983</u>	<u>\$ 0.46</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 30, 2025. The basic and diluted earnings per share adjusted retrospectively for the three months ended June 30, 2024 and for the six months ended June 30, 2024 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>For the three months ended June 30, 2024</u>	<u>For the six months ended June 30, 2024</u>	<u>For the three months ended June 30, 2024</u>	<u>For the six months ended June 30, 2024</u>
Basic earnings per share	\$ 0.31	\$ 0.49	\$ 0.29	\$ 0.46
Diluted earnings per share	\$ 0.31	\$ 0.49	\$ 0.29	\$ 0.46

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.

## 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

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 2,924,734	\$ 3,074,665	\$ 3,295,235
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	9,877,630	10,717,027	11,561,767

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

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

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

	<b>Currency Impact</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
USD	\$ 2,677	\$ 4,520

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.

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

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Fair value interest rate risk			
Lease liabilities	\$ 330	\$ 716	\$ 1,056
Cash flow interest rate risk			
Short-term borrowings	5,818,378	6,177,283	7,143,723
Long-term borrowings	3,169,401	3,595,150	3,516,623

#### 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, 2025 and 2024 would have decreased/increased by \$11,235 thousand and \$13,325 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, 2025, December 31, 2024 and June 30, 2024, the Group had available unutilized bank loan facilities of \$4,651,005 thousand, \$5,646,226 thousand and \$4,015,214 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.

	<b>Less Than 3 months</b>	<b>3 months - 1 Year</b>	<b>Over 1 Year</b>
<u>June 30, 2025</u>			
Non-interest bearing	\$ 759,075	\$ 119,557	\$ 11,219
Lease liabilities	167	167	-
Short-term bank loans	1,551,044	4,267,334	-
Long-term bank loans	<u>55,023</u>	<u>253,932</u>	<u>2,860,446</u>
	<u>\$ 2,365,309</u>	<u>\$ 4,640,990</u>	<u>\$ 2,871,665</u>

<u>December 31, 2024</u>			
Non-interest bearing	\$ 865,946	\$ 75,506	\$ 3,142
Lease liabilities	183	548	-
Short-term bank loans	1,712,330	4,464,953	-
Long-term bank loans	<u>39,208</u>	<u>295,754</u>	<u>3,260,188</u>
	<u>\$ 2,617,667</u>	<u>\$ 4,836,761</u>	<u>\$ 3,263,330</u>

<u>June 30, 2024</u>			
Non-interest bearing	\$ 503,007	\$ 330,173	\$ 68,241
Lease liabilities	181	544	362
Short-term bank loans	1,422,564	5,721,159	-
Long-term bank loans	<u>64,073</u>	<u>197,063</u>	<u>3,255,487</u>
	<u>\$ 1,989,825</u>	<u>\$ 6,248,939</u>	<u>\$ 3,324,090</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<u>June 30, 2025</u>		
Lease liabilities	\$ 334	\$ -
Long-term bank loans	<u>308,955</u>	<u>2,860,446</u>
	<u>\$ 309,289</u>	<u>\$ 2,860,446</u>
<u>December 31, 2024</u>		
Lease liabilities	\$ 731	\$ -
Long-term bank loans	<u>334,962</u>	<u>3,260,188</u>
	<u>\$ 335,693</u>	<u>\$ 3,260,188</u>

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<u>June 30, 2024</u>		
Lease liabilities	\$ 725	\$ 362
Long-term bank loans	<u>233,364</u>	<u>3,283,259</u>
	<u>\$ 234,089</u>	<u>\$ 3,283,621</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is Paiho Int'l Limited, which held 50% of the ordinary shares of the Corporation as of June 30, 2025, December 31, 2024, and June 30, 2024. The Corporation's ultimate parent is Taiwan Paiho Limited.

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

a. Related party name and category

<u>Related Party</u>	<u>Related Party Category</u>
Taiwan Paiho Limited	The Corporation's ultimate parent
Vietnam Paiho Limited	Sister corporation
Paiho North America Corp.	Sister corporation
He Mei Xing Ye Company Ltd.	Sister corporation
Dongguan Paiho Business Service Co., Ltd.	Sister corporation
Wuxi Paisen Commerce Co., Ltd.	Sister corporation
Kuo-Ian Cheng	Chairman
Hsin-Long Cheng	General Manager

b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Sales	Taiwan Paiho Limited	\$ 4,121	\$ 3,691	\$ 5,475	\$ 5,334
	Sister corporations	<u>28,069</u>	<u>21,658</u>	<u>56,513</u>	<u>31,650</u>
		<u>\$ 32,190</u>	<u>\$ 25,349</u>	<u>\$ 61,988</u>	<u>\$ 36,984</u>

The sales of goods to parent and sister corporation were made at the market price. The credit period of sales of goods was about 3 months.

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Taiwan Paiho Limited	\$ 59,349	\$ 79,013	\$ 94,840	\$ 119,545
Sister corporations	<u>527</u>	<u>3</u>	<u>539</u>	<u>3</u>
	<u>\$ 59,876</u>	<u>\$ 79,016</u>	<u>\$ 95,379</u>	<u>\$ 119,548</u>

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

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

Line Item	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Trade receivables	Taiwan Paiho Limited	\$ 1,833	\$ 1,373	\$ 1,868
	Sister corporations			
	Vietnam Paiho Limited	5,826	1,111	3,094
	Paiho North America Corp.	7,427	3,484	3,661
	He Mei Xing Ye Company Ltd	<u>12</u>	<u>-</u>	<u>-</u>
		<u>\$ 15,098</u>	<u>\$ 5,968</u>	<u>\$ 8,623</u>

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

Line Item	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Trade payables	Taiwan Paiho Limited	\$ 62,365	\$ 71,774	\$ 82,964
	Sister corporations	<u>492</u>	<u>564</u>	<u>3</u>
		<u>\$ 62,857</u>	<u>\$ 72,338</u>	<u>\$ 82,967</u>
Other payables	Taiwan Paiho Limited	\$ 27	\$ 44	\$ 30
	Sister corporations	<u>523</u>	<u>524</u>	<u>453</u>
		<u>\$ 550</u>	<u>\$ 568</u>	<u>\$ 483</u>

f. Lease arrangements

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
<u>Lease expenses</u>				
Taiwan Paiho Limited	\$ 600	\$ 598	\$ 1,193	\$ 1,195
Sister corporations	<u>1,226</u>	<u>1,102</u>	<u>2,525</u>	<u>2,182</u>
	<u>\$ 1,826</u>	<u>\$ 1,700</u>	<u>\$ 3,718</u>	<u>\$ 3,377</u>

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

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Future lease payables	\$ <u>4,154</u>	\$ <u>5,170</u>	\$ <u>4,058</u>

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

g. Endorsements and guarantees

Endorsements and guarantees given by related parties

<b>Related Party Category/Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Kuo-Ian Cheng			
Amount endorsed	\$ 14,042,976	\$ 12,407,336	\$ 11,804,358
Amount utilized	<u>(7,718,356)</u>	<u>(8,668,924)</u>	<u>(9,320,165)</u>
	<u>\$ 6,324,620</u>	<u>\$ 3,738,412</u>	<u>\$ 2,484,193</u>
Hsin-Long Cheng			
Amount endorsed	\$ 2,636,316	\$ 2,897,460	\$ -
Amount utilized	<u>(2,636,316)</u>	<u>(2,897,460)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

h. Other transactions with related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Three Months Ended March 31</b>		<b>For the Six Months Ended June 30</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other income	Sister corporations	\$ -	\$ -	\$ -	\$ 11

i. Remuneration of key management personnel

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 32,175	\$ 23,656	\$ 66,011	\$ 52,497
Post-employment benefits	<u>384</u>	<u>378</u>	<u>732</u>	<u>740</u>
	<u>\$ 32,559</u>	<u>\$ 24,034</u>	<u>\$ 66,743</u>	<u>\$ 53,237</u>

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 and corporate bond guarantee agreements, and as guarantees for obligations to a power company:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Financial assets at amortized cost	<u>\$ 203,112</u>	<u>\$ 10,038</u>	<u>\$ 126,470</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group at June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

a. Significant unrecognized commitments

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Acquisition of property, plant and equipment	<u>\$ 202,362</u>	<u>\$ 41,545</u>	<u>\$ 51,956</u>

b. On April 21, 2025, the Company submitted a notification with the Financial Supervisory Commission, referenced under document number 1140339033, regarding the issuance of the first domestic secured convertible corporate bonds with a maximum limit of 12,000 units, each with a face value of NT\$100,000, and a total maximum amount of NT\$1,200,000,000. As of the date of approval of the financial statements, no bonds have been issued.

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, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 9,448	7.1586 (Note 2)	\$ 276,701	\$ 15,028	7.1884 (Note 2)	\$ 483,759
<u>Financial liabilities</u>						
Monetary items						
USD	306	7.1586 (Note 2)	8,968	245	7.1884 (Note 2)	7,898
<u>June 30, 2024</u>						
	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount			
<u>Financial assets</u>						
Monetary items						
USD	\$ 14,545	7.1268 (Note 2)	\$ 460,770			
<u>Financial liabilities</u>						
Monetary items						
USD	278	7.1268 (Note 2)	8,817			

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:

Foreign Currency	For the Three Months Ended June 30, 2025		For the Three Months Ended June 30, 2024	
	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.2600 (RMB:NTD)	\$ (1,058)	4.458 (RMB:NTD)	\$ 6,545
USD	30.8227 (USD:NTD)	(32,882)	32.355 (USD:NTD)	(9,670)
HKD	3.9497 (HKD:NTD)	<u>32</u>	4.138 (HKD:NTD)	<u>(11)</u>
		<u>\$ (33,908)</u>		<u>\$ (3,136)</u>

  

Foreign Currency	For the Six Months Ended June 30, 2025		For the Six Months Ended June 30, 2024	
	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.3858 (RMB:NTD)	\$ (146)	4.412 (RMB:NTD)	\$ 9,854
USD	31.8587 (USD:NTD)	(33,418)	31.9015 (USD:NTD)	(22,238)
HKD	4.0888 (HKD:NTD)	<u>47</u>	4.0795 (HKD:NTD)	<u>(41)</u>
		<u>\$ (33,517)</u>		<u>\$ (12,425)</u>

### 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) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 6) Intercompany relationships and significant intercompany transactions. (Table 5)
- 7) Information on investees. (Table 6)

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 7)

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

### 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:

	<b>For the Six Months Ended June 30</b>			
	<b>Segment Revenue</b>		<b>Segment Profit</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Production	\$ 3,673,350	\$ 3,237,019	\$ 701,502	\$ 500,711
Construction	<u>38,939</u>	<u>29,568</u>	<u>(42,402)</u>	<u>(50,724)</u>
Total from continuing operations	<u>\$ 3,712,289</u>	<u>\$ 3,266,587</u>	659,100	449,987
Interest income			9,967	17,867
Other income and benefits			68,901	32,699
Finance costs			(258,219)	(215,969)
Other expenses and losses			<u>(67,901)</u>	<u>(27,439)</u>
Profit before income tax			<u>\$ 411,848</u>	<u>\$ 257,145</u>

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

b. Total segment assets and liabilities

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

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2025  
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 5 and 7)	Ending Balance (Notes 6 and 7)	Actual Amount Borrowed (Notes 6, 8 and 9)	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, 3 and 4)	Aggregate Financing Limit (Notes 1, 2, 3 and 4)
													Item	Value		
0	The Corporation	Vietnam Paihong Company Limited	Receivables from related parties	Yes	\$ 2,269,510 (USD 70,000)	\$ 1,567,550 (USD 53,000)	\$ 1,567,550 (USD 53,000)	3-month USD TAIFX rate, plus 1%	Necessary for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,757,158	\$ 2,757,158
		Hong Kong Best Expectation International Trading Limited	Receivables from related parties	Yes	163,400 (USD 5,000)	146,500 (USD 5,000)	-	-	Necessary for short-term financing	-	Operating capital	-	-	-	2,757,158	2,757,158
1	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	134,590 (RMB 30,000)	81,820 (RMB 20,000)	40,910 (RMB 10,000)	3.2%-3.5%	Necessary for short-term financing	-	Operating capital	-	-	-	1,979,309	1,979,309
2	Wuxi Paiwei Biotechnology Co. Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivables from related parties	Yes	65,475 (RMB 15,000)	61,365 (RMB 15,000)	61,365 (RMB 15,000)	3.3%	Necessary for short-term financing	-	Operating capital	-	-	-	79,369	79,369
3	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivables from related parties	Yes	310,623 (USD 9,500)	278,350 (USD 9,500)	278,350 (USD 9,500)	3-month USD TAIFX rate, plus 1%	Necessary for short-term financing	-	Operating capital	-	-	-	380,925	380,925
4	Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Receivables from related parties	Yes	218,250 (RMB 50,000)	-	-	-	Necessary for short-term financing	-	Operating capital	-	-	-	994,888	994,888
		Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	413,988 (RMB 93,000)	380,463 (RMB 93,000)	257,733 (RMB 63,000)	3.3%-3.7%	Necessary for long-term financing	-	Operating capital	-	-	-	2,487,219	2,487,219
5	Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Receivables from related parties	Yes	42,030 (RMB 10,000)	40,910 (RMB 10,000)	-	-	Necessary for long-term financing	-	Operating capital	-	-	-	169,160	169,160

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: The individual and total amount of lending to the Thomas Dynamic Material (Jiangsu) Co., Ltd. directly or indirectly, by the Wuxi Paiwei Biotechnology Co. Ltd. not exceed 40% of the net worth of lender.

Note 4: 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 5: The maximum amount was translated into New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 6: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 7: The ending balance amount has been approved by the board of directors.

Note 8: The restriction that the term of each loan for funding should not exceed one year shall not apply to inter-company loans for funding between offshore subsidiaries in which the Corporation holds, directly or indirectly, 100% of the voting shares.

Note 9: Significant intercompany accounts and transactions have been eliminated.

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2025  
(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 (Notes 3 and 5)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 7)	Actual Amount Borrowed (Note 7)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Notes 4 and 5)	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	Vietnam Paihong Company Limited	Note 1	\$ 17,232,235	\$ 8,678,114 (USD 270,175)	\$ 6,713,363 (USD 229,125)	\$ 4,490,225 (USD 153,250)	\$ -	97.4%	\$ 27,571,576	Yes	-	-
		Hong Kong Best Expectation International Trading Limited	Note 1	17,232,235	3,696,600 (USD 115,000)	3,296,250 (USD 112,500)	2,647,255 (USD 90,350)	-	47.82%	27,571,576	Yes	-	-
1	Dongguan Paihong Industry Co., Ltd.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Note 2	6,218,048	447,500 (RMB 100,000)	409,100 (RMB 100,000)	204,550 (RMB 50,000)	-	16.45%	9,948,876	-	Yes	Yes

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

Note 2: The company that owns directly or indirectly hold over 50% of the voting shares.

Note 3: 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 4: 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 5: The amount of endorsements/guarantees provided to Thomas Dynamic Material (Jiangsu) Co., Ltd. in which the Dongguan Paihong Industry Co., Ltd. shall not exceed 250% of the net worth of the Dongguan Paihong Industry Co., Ltd. , and the guarantee limit shall not exceed 400% of the net worth of the net worth of the Dongguan Paihong Industry Co., Ltd.

Note 6: The maximum amount was translated into New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 7: 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**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

**(In Thousands of New Taiwan Dollars or Foreign Currency)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Company Limited (Note 2)	Note 1	Sale	\$ 573,404 USD (17,998)	(39)	About 3 months	Use market price or sales 10% of Hong Kong Best Expectation International Trading Limited	About 3 months	\$ (971) USD (33)	-	-
	Dongguan Paihong Industry Co., Ltd. (Note 2)	Note 1	Sale	119,921 USD (1,265) RMB (17,999)	(8)	About 3 months	Use market price or sales 10% of Hong Kong Best Expectation International Trading Limited	About 3 months	26,948 USD (295) RMB (4,501)	8	-
	Thomas Dynamic Material (Jiangsu) Co., Ltd. (Note 2)	Note 1	Sale	130,469 USD (1,341) RMB (20,145)	(9)	About 3 months	Use market price or sales 10% of Hong Kong Best Expectation International Trading Limited	About 3 months	55,758 USD (46) RMB (13,302)	16	-
Vietnam Paihong Company Limited	Hong Kong Best Expectation International Trading Limited (Note 2)	Note 1	Sale	288,056 USD (9,042)	(24)	About 3 months	Use market price or sales 85% of Hong Kong Best Expectation International Trading Limited	About 3 months	142,410 USD (4,806)	35	-
Dongguan Paihong Industry Co., Ltd.	Hong Kong Best Expectation International Trading Limited (Note 2)	Note 1	Sale	164,321 RMB (37,467)	(10)	About 3 months	Use market price or sales 85% of Hong Kong Best Expectation International Trading Limited	About 3 months	52,024 RMB (12,717)	9	-

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

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

## 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, 2025

(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	\$ 1,582,906 (USD 54,024)	-	\$ -	-	\$ 10,227 (USD 349)	\$ -
Dongguan Paihong Industry Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Note 2	272,336 (RMB 66,569)	-	-	-	-	-
Hon Shin Corp.	Vietnam Paihong Company Limited	Note 2	278,591 (USD 9,508)	-	-	-	-	-
Vietnam Paihong Company Limited	Hong Kong Best Expectation International Trading Limited	Note 2	142,410 (USD 4,860)	-	-	-	60,368 (USD 2,060)	-

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

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

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

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2025  
(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	USD 54,024	-	9
			1	Interest revenue and other income	USD 1,950	-	2
1	Hon Shin Corp.	Vietnam Paihong Company Limited	3	Receivables	USD 9,508	-	2
2	Dongguan Paihong Industry Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd. Hong Kong Best Expectation International Trading Limited	3	Receivables	RMB 66,569	-	2
			1	Sales	RMB 37,467	-	4
3	Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Company Limited Dongguan Paihong Industry Co., Ltd. Thomas Dynamic Material (Jiangsu) Co., Ltd.	1	Sales	USD 17,998	-	15
			2	Sales	USD 1,265	-	1
			2	Sales	RMB 17,999	-	2
			2	Sales	USD 1,341	-	1
			2	Sales	RMB 20,145	-	2
4	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Hong Kong Best Expectation International Trading Limited	1	Sales	RMB 19,822	-	2
5	Vietnam Paihong Company Limited	Hong Kong Best Expectation International Trading Limited	2	Sales	USD 9,042	-	8
			2	Receivables	USD 4,860	-	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 INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 2025  
(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, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2025	December 31, 2024	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	\$ 4,305,119	\$ 282,347	\$ 282,347	Subsidiary
	Hon Shin Corp.	British Samoa	International investments and trade	USD 20,000	USD 20,000	20,000,000	100	334,493	10,649	10,649	Subsidiary
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Hong Kong	International investments and trade	USD 110,064	USD 110,064	110,063,700	100	17,779	(57,731)	(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 190,000	USD 190,000	-	100	2,671,048	(16,698)	(Note 3)	Sub - Subsidiary

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

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

Note 3: Not applicable.

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2025  
(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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	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, 2025 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of Touch Fasteners, Webbing and Embroidery	\$ 1,573,367 (RMB 384,592)	(Note 1)	\$ 1,064,616 (USD 36,335)	\$ -	\$ -	\$ 1,064,616 (USD 36,335)	\$ 318,483	99.99%	\$ 318,451	\$ 4,657,517	\$ 1,682,608 (USD 2,512) (RMB 393,304)
Dongguan Paihong Industry Co., Ltd	Production & Marketing of Touch Fastener, Elastic, Various Type of Webbing and Jacquard Engineered Mesh, And Consumer Electronic Accessories, etc.	1,460,601 (RMB 357,028)	(Note 1)	527,400 (USD 18,000)	-	-	527,400 (USD 18,000)	320,383	99.99%	320,209	2,279,067	631,389 (RMB 154,336)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,554,580 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	(34,227)	99.99%	(34,224)	2,271,476	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	531,830 (RMB 130,000)	(Note 1)	(Note 3)	-	-	(Note 3)	(6,840)	100%	(6,840)	174,071	-
Shanghai Best Expectation Textile Trading Limited	International investments and trade	3,342,347 (RMB 817,000)	(Note 1)	(Note 4)	-	-	(Note 4)	(57,704)	99.99%	(54,154)	108,027	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2025	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.

Note 2: 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..

Note 3: 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.