Stock Code：8404

Paiho Shih Holdings Corporation and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report

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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.

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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 December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidate cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidate Financial Statements section of our report. We are independent for 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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.

Key audit matters of the Groups' consolidated financial statements for the year ended December 31, 2020 are as follows:

<u>Recognition of sales revenue</u>

The main business items of the Company include the manufacturing and sale of webbingtouch fastener webbing, shoelace, elastic, jacquard engineered mesh, and relevant peripheral materials as well as the sale of residential buildings constructed by entrusted construction contactors. Among all the goods, the revenue from the sale of webbing and touch fastener significantly influence the operating revenue and profit of the Group. Therefore, we consider the above mentioned sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the relevant and additional information.

Our key audit procedures performed in respect of the above mentioned items included the following:

1. We understood the design and operating effectiveness of controls and procedures for identifying sales revenue, and them we sampled and verified the accuracy of approved original orders.
2. We chose samples from the list of main products sales revenue and checked their original order, shipment, invoice, and collection of payments, inspecting the recognition of the revenue and the collection of receivables.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 year ended December 31, 2020 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 audit resulting in this independent auditors' report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

CODE	ASSETS	2020 Amount	2020 %	2019 Amount	2019 %
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 4,421,184	24	$ 1,745,619	12
1110	Fair value through profit or loss financial assets - current (Notes 4 and 7)	463,871	2	-	-
1136	Financial assets at amortized cost- current (Note 4 and 8)	504,067	3	-	-
1150	Notes receivable (Notes 4 and 9)	13,004	-	12,597	-
1170	Trade receivables (Notes 4 and 9)	1,132,954	6	1,070,402	8
1180	Trade receivables - related parties (Notes 4, 9 and 27)	20,621	-	36,533	-
1200	Other receivables	118,496	1	12,866	-
1310	Inventories - manufacturing (Notes 4 and 10)	1,011,580	5	875,260	6
1320	Inventories - constructing (Notes 4 and 10)	3,134,576	17	2,718,679	19
1470	Other current assets (Note 15 and 23)	467,495	3	376,050	3
11XX	Total current assets	11,287,848	61	6,848,006	48
	NON-CURRENT ASSETS				
1535	Financial assets at amortized cost - non-current (Notes 4, 8 and 28)	20,205	-	20,940	-
1600	Property, plant and equipment (Notes 4, 12 and 27)	5,942,053	32	6,138,535	43
1755	Right-of-use assets (Notes 4 and 13)	922,014	5	979,798	7
1805	Goodwill (Notes 4 and 14)	44,899	-	47,031	-
1821	Other intangible assets (Note 4)	54	-	73	-
1840	Deferred tax assets (Notes 4 and 23)	103,768	1	36,050	-
1915	Prepayments for machinery and equipment	164,669	1	308,254	2
1995	Other non-current assets (Note 15)	20,656	-	14,292	-
15XX	Total non-current assets	7,218,318	39	7,544,973	52
1XXX	TOTAL	$ 18,506,166	100	$ 14,392,979	100

CODE	LIABILITIES AND EQUITY	2020 Amount	2020 %	2019 Amount	2019 %
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 16)	$ 2,378,080	13	$ 3,870,418	27
2130	Contract liabilities - current (Notes 4, 21 and 27)	3,238,327	18	58,235	-
2170	Trade payables	392,028	2	331,886	2
2180	Trade payable - related parties (Note 27)	86,532	-	36,586	-
2200	Other payables (Notes 17 and 27)	689,640	4	890,734	6
2230	Current tax liabilities (Notes 4 and 23)	150,708	1	63,131	1
2280	Lease liabilities - current (Notes 4 and 13)	7,109	-	5,766	-
2320	Current portion of long-term borrowings (Note 16)	399,432	2	532,145	4
2399	Other current liabilities	59,564	-	88,955	1
21XX	Total current liabilities	7,401,420	40	5,877,856	41
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Note 16)	4,518,496	24	2,593,817	18
2570	Deferred tax liabilities (Notes 4 and 23)	397,468	2	384,251	3
2580	Lease liabilities -non-current (Notes 4 and 13)	3,800	-	8,309	-
2630	Deferred revenue - non-current (Notes 4 and 13)	87,849	1	89,021	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	135,524	1	106,446	1
2645	Guarantee deposits received	13,895	-	11,012	-
25XX	Total non-current liabilities	5,157,032	28	3,192,856	22
2XXX	Total liabilities	12,558,452	68	9,070,712	63
	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
3110	Common stock	3,151,781	17	3,151,781	22
3200	Capital surplus	461,544	2	461,544	3
	Retained earnings				
3320	Special reserve	676,483	4	477,488	4
3350	Unappropriated earnings	1,591,644	8	1,481,912	10
3400	Other equity	(418,225)	(2)	(676,483)	(5)
31XX	Total equity attributable to owners of the Corporation	5,463,227	29	4,896,242	34
36XX	NON-CONTROLLING INTERESTS	484,487	3	426,025	3
3XXX	Total equity	5,947,714	32	5,322,267	37
	TOTAL	$ 18,506,166	100	$ 14,392,979	100

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

Chairman: Kuo-Ian Cheng Manager: Kuo-Ian Cheng Accounting Officer: Yu-Min Chang

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2020 Amount	2020 %	2019 Amount	2019 %
4000	SALES (Notes 4, 21 and 27)	$ 6,552,677	100	$ 6,567,553	100
5000	COST OF GOODS SOLD (Notes 4, 10, 21, 22 and 27)	4,155,950	64	4,251,396	65
5900	GROSS PROFIT	2,396,727	36	2,316,157	35
	OPERATING EXPENSES (Notes 4, 22 and 27)				
6100	Selling and marketing expenses	571,009	9	560,202	8
6200	General and administrative expenses	370,798	5	392,719	6
6300	Research and development expenses	384,612	6	438,641	7
6450	Expected credit loss (Note 9)	4,111	-	2,363	-
6000	Total operating expenses	1,330,530	20	1,393,925	21
6900	PROFIT FROM OPERATIONS	1,066,197	16	922,232	14
	NON-OPERATING INCOME AND EXPENSES				
7010	Subsidy revenue	16,100	-	17,753	-
7050	Finance cost (Note 4 and 22)	(138,055)	(2)	(197,875)	(3)
7100	Interest income	70,524	1	42,921	1
7190	Other income	18,415	-	9,742	-
7210	Loss (gain) on disposal of property, plant and equipment (Note 4)	7,901	-	(9,605)	-
7590	Other expenses (Note 22)	(12,806)	-	(11,630)	-
7630	Net foreign exchange loss (Note 4)	(43,606)	-	(3,276)	-
7000	Total non-operating income and expenses	(81,527)	(1)	(151,970)	(2)

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CODE		2020 Amount	2020 %	2019 Amount	2019 %
7900	PROFIT BEFORE INCOME TAX	$ 984,670	15	$ 770,262	12
7950	INCOME TAX EXPENSE (Notes 4 and 23)	401,313	6	347,468	6
8200	NET PROFIT FOR THE YEAR	583,357	9	422,794	6
	OTHER COMPREHENSIVE INCOME (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 18)	(15,697)	-	(4,808)	-
8341	Foreign exchange differences on translation to presentation currency	(293,670)	(5)	(131,872)	(2)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	561,107	9	(83,483)	(1)
8300	Other comprehensive income (loss) for the year	251,740	4	(220,163)	(3)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 835,097	13	$ 202,631	3
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Corporation	$ 513,531	8	$ 359,353	5
8620	Non-controlling interests	69,826	1	63,441	1
8600		$ 583,357	9	$ 422,794	6
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Corporation	$ 756,092	12	$ 155,550	2
8720	Non-controlling interests	79,005	1	47,081	1
8700		$ 835,097	13	$ 202,631	3
	EARNINGS PER SHARE (Note 24)				
9750	Basic	$ 1.63		$ 1.14	
9850	Diluted	$ 1.63		$ 1.14	

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

Chairman: Kuo-Ian Cheng Manager: Kuo-Ian Cheng Accounting Officer: Yu-Min Chang

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Corporation								
			Capital Surplus (Note 20)		Retained Earnings (Note 20)					
CODE		Common Stock (Notes 4 and 20)	Additional Paid-in Capital	Changes in Percentage of Ownership Interest in Subsidiaries	Special Reserve	Unappropriated Earnings	Other Equity (Note 20)	Total	Non-controlling Interests	Total Equity
A1	BALANCE AT JANUARY 1, 2019	$ 2,918,316	$ 456,751	$ 4,793	$ 377,980	$ 1,518,706	($ 477,488)	$ 4,799,058	$ 397,522	$ 5,196,580
	Appropriation of 2018 earnings									
B3	Special reserve	-	-	-	99,508	(99,508)	-	-	-	-
B5	Cash dividend	-	-	-	-	(58,366)	-	(58,366)	-	(58,366)
B9	Stock dividend	233,465	-	-	-	(233,465)	-	-	-	-
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(18,578)	(18,578)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	359,353	-	359,353	63,441	422,794
D3	Other comprehensive income(loss) for the year ended December 31, 2019	-	-	-	-	(4,808)	(198,995)	(203,803)	(16,360)	(220,163)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	354,545	(198,995)	155,550	47,081	202,631
Z1	BALANCE AT DECEMBER 31, 2019	3,151,781	456,751	4,793	477,488	1,481,912	(676,483)	4,896,242	426,025	5,322,267
	Appropriation of 2019 earnings									
B3	Special reserve	-	-	-	198,995	(198,995)	-	-	-	-
B5	Cash dividend	-	-	-	-	(189,107)	-	(189,107)	-	(189,107)
O1	Cash dividend distributed by the subsidiaries	-	-	-	-	-	-	-	(20,543)	(20,543)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	513,531	-	513,531	69,826	583,357
D3	Other comprehensive income(loss) for the year ended December 31, 2020	-	-	-	-	(15,697)	258,258	242,561	9,179	251,740
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	497,834	258,258	756,092	79,005	835,097
Z1	BALANCE AT DECEMBER 31, 2020	$ 3,151,781	$ 456,751	$ 4,793	$ 676,483	$ 1,591,644	($ 418,225)	$ 5,463,227	$ 484,487	$ 5,947,714

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

Chairman: Kuo-Ian Cheng Manager: Kuo-Ian Cheng Accounting Officer: Yu-Min Chang

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

CODE		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 984,670	$ 770,262
A20010	Adjustments for:		
A20100	Depreciation expenses	596,250	481,678
A20200	Amortization expenses	20	644
A20300	Expected credit loss recognized	4,111	2,363
A20900	Finance costs	138,055	197,875
A21200	Interest income	(70,524)	(42,921)
A22500	Loss (gain) on disposal of property, plant and equipment	(7,901)	9,605
A23800	Write-downs of inventories	50,494	56,834
A24100	Unrealized foreign currency exchange loss, net	2,774	4,727
A29900	Others	(2,589)	(2,735)
A30000	Changes in operating assets and liabilities		
A31115	Mandatory fair value through profit or loss financial assets	(449,082)	-
A31130	Notes receivable	(1,076)	4,550
A31150	Trade receivables	(109,545)	(227,192)
A31180	Other receivables	(110,822)	300,435
A31200	Inventories - manufacturing	(233,687)	(65,096)
A31200	Inventories - constructing	(559,608)	387,027
A31240	Other current assets	(113,856)	(102,080)
A32125	Contract liabilities	3,299,171	(922,837)
A32150	Trade payables	132,607	(435,317)
A32180	Other payables	76,169	20,232
A32230	Other current liabilities	(26,045)	32,555
A32240	Net defined benefit liabilities	12,861	12,163
A33000	Cash generated from operations	3,612,447	482,772
A33100	Interest received	70,524	42,921
A33300	Interest paid	(149,347)	(194,803)
A33500	Income tax paid	(359,085)	(356,512)
AAAA	Net cash generated from (used in) operating activities	3,174,539	(25,622)

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CODE		2020	2019
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Purchase of financial assets at amortized cost	($ 3,227,886)	($ 460,193)
B00050	Proceeds from disposal of financial assets at amortized cost	2,739,601	724,231
B02700	Payments for property, plant and equipment	(320,599)	(597,267)
B02800	Proceeds from disposal of property, plant and equipment	28,148	32,668
B03700	Increase in refundable deposits	(301)	(4,128)
B05350	Payments for right-of-use assets	(232,478)	(161,417)
B06700	Increase in other non-current assets	28	(304)
B07100	Increase in prepayments for machinery and equipment	(123,016)	(310,246)
BBBB	Net cash used in investing activities	(1,136,503)	(776,656)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Repayments of short-term borrowings	(1,347,448)	(4,371)
C01600	Proceeds from long-term borrowings	4,003,930	1,420,681
C01700	Repayments of long-term borrowings	(1,982,409)	(848,164)
C03000	Proceeds from guarantee deposits received	3,564	11,354
C04020	Repayments of finance lease payable	(6,433)	(5,406)
C04500	Dividends paid to owners of the Corporation	(189,107)	(58,366)
C05800	Dividends paid to non-controlling interests	(20,543)	(18,578)
CCCC	Net cash generated from financing activities	461,554	497,150
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	175,975	(120,952)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,675,565	(426,080)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,745,619	2,171,699
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,421,184	$ 1,745,619

(Concluded)

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

Chairman: Kuo-Ian Cheng Manager: Kuo-Ian Cheng Accounting Officer: Yu-Min Chang

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Paiho Shih Holdings Corporation (the "Corporation") was incorporated on November 6, 2006. It was established in Cayman Island 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 March 24, 2021.

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

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies

(2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

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

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

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

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

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

(3) Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

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

(4) Basis of consolidation

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

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

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

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

See Note 11, Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(5) Foreign currencies

In preparing the financial statements of each individual Group 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 Company and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

In the consolidated financial statements, the common stock has a value of US$56,212 thousand with a par value of US$1 at an exchange rate of 3.1385 (the basis was calculated by the exchange rate US$1=NT$31.385 on April 24, 2010, the date before the meeting of board of directors) to par value of NT$10. The rest of the shares were issued with a par value of NT$10 and the total common stock issued amounted to NT$3,151,781 thousand at December 31, 2020. 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.

(6) Inventories

Manufacturing

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

Construction industry

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

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

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

(7) 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.

(8) 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.

(9) 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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.

(10) 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.

(11) Impairment of property, plant, and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of property, plant, and equipment, right-of-use assets, and intangible assets other than 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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.

(12) Financial instruments

Financial assets and financial liabilities are recognized when a Group 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 settlement date basis.

(1)Measurement categories

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

A.Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively. Fair value is determined in the manner described in Note 26: Financial Instruments.

B.Financial assets at amortized cost

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

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

b.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, refundable deposit and guarantee deposits received, 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:

a. 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

b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate multiplied 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: Significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or 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.

(2)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 (i.e. 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):

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

B. 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.

(3) 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

(1) Subsequent measurement

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

(2) 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.

(13) 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.

(14) 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 are 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 realty 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.

(15) Leasing

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

<u>The Group as lessee</u>

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 payment is discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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.

(16) 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.

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

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

(18) 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.

(19) Taxation

The Corporation is tax-exempt from the 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 (recoverable) 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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group takes the economic impact caused by the coronavirus epidemic into consideration for major accounting estimates. The management will continue to review the estimates and basic assumptions. If the revision of the estimate only affects the current year, it will be recognized in the same year; if the revision of the accounting estimate affects both the current year and future periods, it will be recognized in both periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Petty cash and cash on hand	$ 24,910	$ 46,508
Checking accounts and demand deposits	1,059,982	1,388,103
Cash equivalents (investments with original maturities of less than 3 months)	3,336,292	311,008
	$ 4,421,184	$ 1,745,619

Rate of interest per annum (%)		
Bank balance	0-1.27	0-0.35
Investments with original maturities of less than 3 months	1.76-2.80	1.35-2.75

7. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	December 31	
	2020	2019
Financial assets - current		
Mandatorily measured at FVTPL		
Hybrid finalcial assets		
- structured deposit	$ 463,871	$ -

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Restricted deposits	$ 504,067	$ -
Non-current		
Restricted deposits	$ 20,205	$ 20,940

Refer to Note 28 for information relating to financial assets measured at amortized cost - non-current pledges.

9. NOTES RECEIVABLES AND TRADE RECEIVABLES

	December 31	
	2020	2019
Note receivables		
At amortized cost	$ 13,004	$ 12,597
Trade receivables		
At amortized cost		
Gross carrying amounts	$ 1,203,100	$ 1,153,550
Less: Allowance for impairment loss	(49,525)	(46,615)
	$ 1,153,575	$ 1,106,935

The average credit period of sales of goods was 30 to 90 days. No interest was charged on trade receivables. The Group uses or 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 applies the approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date, and by distinguishing different risk groups, setting expected credit loss rate for each group.

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

The Group does not have overdue notes receivable. The following table details the loss allowance of trade receivables.

	0 to 90 Days	**91 to 120 Days**	**121 to 150 Days**	**151 to 180 Days**	**Over 181 Days**	**Total**
December 31, 2020						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	$1,053,108	$ 93,423	$ 30,755	$ 5,808	$ 20,006	$1,203,100
Loss allowance (Lifetime ECL)	(11,117)	(16,451)	(11,000)	(2,744)	(8,213)	(49,525)
Amortized cost	$1,041,991	$ 76,972	$ 19,755	$ 3,064	$ 11,793	$1,153,575
December 31, 2019						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	$1,013,261	$ 78,695	$ 24,767	$ 8,242	$ 28,585	$1,153,550
Loss allowance (Lifetime ECL)	(10,479)	(14,545)	(8,360)	(4,043)	(9,188)	(46,615)
Amortized cost	$1,002,782	$ 64,150	$ 16,407	$ 4,199	$ 19,397	$1,106,935

The movements of the allowance for doubtful trade receivables were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 46,615	$ 51,045
Add: Net remeasurement of loss allowance	4,111	2,363
Less: Amounts written off	(1,814)	(5,002)
Foreign exchange gains and losses	613	(1,791)
Balance at December 31	$ 49,525	$ 46,615

10. INVENTORIES

(1) Manufacturing

	December 31	
	2020	2019
Finished goods	$ 313,967	$ 288,370
Work in process	290,042	255,728
Raw materials and supplies	372,112	296,446
Inventory in transit	35,459	34,716
	$ 1,011,580	$ 875,260

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $3,107,557 thousand and $3,304,048 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of $50,494 thousand and $56,834 thousand

(2) Construction industry

	December 31	
	2020	2019
Construction under development	$ 2,725,435	$ 2,317,121
Construction to be sold	409,141	401,558
	$ 3,134,576	$ 2,718,679

Construction under development

Location	Project Name	Estimated Year of Completion	December 31 2020	December 31 2019
Xishan District, Wuxi	Paiho International Mansion - Season One	2018-2020	$ -	$ 982,118
	Paiho International Mansion - Season Two	2021	1,843,081	877,048
	Paiho Commercial Plaza	2021	882,354	457,955
			$ 2,725,435	$ 2,317,121

Construction to be sold

Location	Project Name	December 31 2020	December 31 2019
Xishan District, Wuxi	Paiho International Mansion - Season One	$ 409,141	$ 401,558

The cost of inventories recognized as cost of real estate sold for the year ended December 31, 2020 and 2019 was $1,048,393 thousand and $947,348 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019
The Corporation	Hong Kong Antex Limited	International investment	100	100
	Pai Lon International Trading Limited	International trading	100	100
	Hon Shin Corp	International investment and trading	100	100
	Taiwan Pai Lon Biotechnology Co., Ltd*	Production and sales of masks and non-woven products	100	-
Hong Kong Antex Limited	Wuxi Paiho Textile Co., Limited	Processing of touch fastener, webbing and embroidery	93	93
	Dongguan Paihong Industry Co., Ltd	Production & marketing of touch fastener, elastic, various type of webbings and jacquard engineered mesh, and consumer electronic accessories, etc.	34	34
Wuxi Paiho Textile Co., Limited	Dongguan Paihong Industry Co., Ltd	Production & marketing of touch fastener, elastic, various type of webbings and jacquard engineered mesh, and consumer electronic accessories, etc.	66	66
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.	100	100
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven products	100	100
Hon Shin Corp.	Vietnam Paihong Limited Company	Production & marketing of mesh and other fabrics.	100	100

* Taiwan Pai Lon Biotechnology Co., Ltd was established in September, 2020.

See Tables 8 and 9 for the information on places of incorporation and principal places of business for each subsidiary.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020 Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
Cost						
Buildings	$ 2,630,007	$ 5,378	($ 12,938)	$ 601,052	($ 63,511)	$ 3,159,988
Machinery and equipment	4,767,931	30,453	(39,391)	251,067	(95,752)	4,914,308
Transportation equipment	150,812	3,986	(9,943)	3,216	(1,846)	146,225
Miscellaneous equipment	498,154	48,316	(5,465)	(8,792)	5,127	537,340
Construction in progress	602,585	234,212	-	(596,839)	(839)	239,119
	8,649,489	$ 322,345	($ 67,737)	$ 249,704	($ 156,821)	8,996,980
Accumulated depreciation and impairment						
Buildings	746,611	$ 101,375	($ 2,530)	$ 4,936	$ 12,628	863,020
Machinery and equipment	1,346,945	396,740	(31,796)	(3,742)	6,966	1,715,113
Transportation equipment	69,962	14,180	(8,158)	1,181	198	77,363
Miscellaneous equipment	347,436	55,429	(5,006)	(4,215)	5,787	399,431
	2,510,954	$ 567,724	($ 47,490)	($ 1,840)	$ 25,579	3,054,927
	$ 6,138,535					$ 5,942,053

	For the Year Ended December 31, 2019							
	Beginning Balance	Adjustments on Initial Application of IFRS 16	Beginning Balance (Restated)	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
Cost								
Buildings	$ 1,432,455	$ -	$ 1,432,455	$ 11,468	($ 28,779)	$ 1,307,026	($ 92,163)	$ 2,630,007
Machinery and equipment	2,968,850	-	2,968,850	232,385	(94,883)	1,822,829	(161,250)	4,767,931
Transportation equipment	127,302	(2,134)	125,168	2,900	(3,115)	31,045	(5,186)	150,812
Miscellaneous equipment	436,165	-	436,165	43,036	(26,758)	64,876	(19,165)	498,154
Construction in progress	1,693,417	-	1,693,417	209,146	-	(1,291,813)	(8,165)	602,585
	6,658,189	($ 2,134)	6,656,055	$ 498,935	($ 153,535)	$ 1,933,963	($ 285,929)	8,649,489
Accumulated depreciation and impairment								
Buildings	696,145	$ -	696,145	$ 89,639	($ 9,710)	($ 417)	($ 29,046)	746,611
Machinery and equipment	1,172,983	-	1,172,983	300,381	(75,156)	(17)	(51,246)	1,346,945
Transportation equipment	61,258	(820)	60,438	14,361	(2,229)	-	(2,608)	69,962
Miscellaneous equipment	329,852	-	329,852	55,249	(24,167)	5	(13,503)	347,436
	2,260,238	($ 820)	2,259,418	$ 459,630	($ 111,262)	($ 429)	($ 96,403)	2,510,954
	$ 4,397,951		$ 4,396,637					$ 6,138,535

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	2-15 years
Transportation equipment	2-11 years
Miscellaneous equipment	3-11 years

13. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Land	$ 911,701	$ 965,323
Buildings	7,903	13,601
Transportation equipment	2,410	874
	$ 922,014	$ 979,798

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ -	$ 422,662
Depreciation charge for right-of-use assets		
Land	$ 21,988	$ 17,095
Buildings	5,738	4,547
Transportation equipment	800	406
	$ 28,526	$ 22,048

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 7,109	$ 5,766
Non-current	3,800	8,309
	$ 10,909	$ 14,075

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Buildings	3.85%	3.85%
Transportation equipment	3.85%	4.75%

(3) Material leasing activities and terms

The Group as lessee leases land and buildings for the use of plants, offices, employee dormitory and product manufacturing with lease terms of 3 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(4) Other lease information

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 14,912	$ 17,265
Total cash outflow for leases	($ 21,576)	($ 22,696)

The Group as lessee leases certain equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. GOODWILL

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cost		
Balance at January 1	$ 47,031	$ 47,925
Effect of foreign currency exchange differences	(2,132)	(894)
Balance at December 31	$ 44,899	$ 47,031

15. OTHER ASSETS

	December 31	
	2020	2019
Current		
Tax overpayment for offset with future tax payable	$ 317,543	$ 329,303
Prepayments	38,955	24,211
Prepaid expenses	21,135	12,157
Others	89,862	10,379
	$ 467,495	$ 376,050
Non-current		
Refundable deposits	$ 8,982	$ 9,150
Others	11,674	5,142
	$ 20,656	$ 14,292

16. BORROWINGS

(1) Short-term borrowings

	December 31	
	2020	2019
Line of credit borrowings	$ 2,378,080	$ 3,870,418
Rate of interest per annum (%)	1.15-2.95	2.68-4.07

(2) Long-term borrowings

	December 31	
	2020	2019
Line of credit borrowings - due in January 2021-December 2023	$ 4,917,928	$ 3,125,962
Less: Current portion	(399,432)	(532,145)
Long-term borrowings	$ 4,518,496	$ 2,593,817
Rate of interest per annum (%)	1.32-1.75	2.95-3.35

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

1) Current ratio [current assets ÷ current liabilities minus advance real estate receipts (classified as contract liabilities - current)] not less than 100%;

2) Debt ratio [total liabilities minus advance real estate receipts (classified as contract liabilities - current) ÷ tangible net assets] not higher than 180%;

3) Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 3 times and;

4) Tangible net assets [total equity minus intangible assets] not less than $3.5 billion.

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

17. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries and bonuses	$ 408,469	$ 376,586
Payables for purchases of building and equipment	21,522	254,670
Tax payable	21,817	11,726
Payables for compensation of employees and directors	12,961	10,288
Others	224,871	237,464
	$ 689,640	$ 890,734

18. RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

The Group's subsidiaries in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China and Vietnam are members of a state-managed retirement benefit plans operated by the governments of China and Vietnam. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

(2) Defined benefit plan

The pension plan for the employees of the Corporation is a defined benefit plan.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 135,524	$ 106,446

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 89,600	$ 89,600
Service cost		
Current service cost	11,151	11,151
Net interest expense	887	887
Recognized in profit or loss	12,038	12,038
Remeasurement		
Actuarial loss - changes in demographic assumptions	6	6
Actuarial loss - changes in financial assumptions	3,747	3,747
Actuarial loss - experience adjustments	1,055	1,055
Recognized in other comprehensive income	4,808	4,808
Balance at December 31, 2019	106,446	106,446
Service cost		
Current service cost	13,726	13,726
Plan curtailment differences	(1,100)	(1,100)
Net interest expense	755	755
Recognized in profit or loss	13,381	13,381
Remeasurement		
Actuarial profit - changes in demographic assumptions	(21)	(21)
Actuarial loss - changes in financial assumptions	8,481	8,481
Actuarial loss - experience adjustments	7,237	7,237
Recognized in other comprehensive income	15,697	15,697
Balance at December 31, 2020	$ 135,524	$ 135,524

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2020	December 31, 2019
Discount rates	0.30%	0.75%
Expected rates of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rate		
0.25% increase	($ 4,757)	($ 3,750)
0.25% decrease	$ 5,033	$ 3,965
Expected rate of salary increase		
0.25% increase	$ 4,935	$ 3,905
0.25% decrease	($ 4,691)	($ 3,715)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Pai Lon International Trading Limited and Hon Shih Corp. are offshore companies so there are no pension plans. Hong Kong Antex Limited has no employees; thus, there’s no pension plan.

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
December 31, 2020			
Assets			
Other receivables	$ 7,103	$ -	$ 7,103
Inventory - constructing	2,252,222	882,354	3,134,576
Other current assets	183,234	-	183,234
	$ 2,442,559	$ 882,354	$ 3,324,913
Liabilities			
Accounts payable	$ 112,180	$ -	$ 112,180
Other payables	89,267	-	89,267
Contract liabilities	3,238,327	-	3,238,327
	$ 3,439,774	$ -	$ 3,439,774

	Within 1 Year	More Than 1 Year	Total
December 31, 2019			
Assets			
Trade receivables	$ 2,583	$ -	$ 2,583
Other receivables	2,858	-	2,858
Inventory - constructing	1,383,676	1,335,003	2,718,679
Other current assets	70,306	-	70,306
	$ 1,459,423	$ 1,335,003	$ 2,794,426
Liabilities			
Accounts payable	159,573	-	159,573
Other payables	23,915	-	23,915
Contract liabilities	58,235	-	58,235
	$ 241,723	$ -	$ 241,723

20. EQUITY

(1) Common stock

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	315,178	315,178
Shares issued	$ 3,151,781	$ 3,151,781

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

(2) Capital surplus

Capital surplus may be used to offset a deficit; when the Company 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.

(3) 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 Company's shareholders' meeting, and 25% of the balance of other undistributed earnings in the current year, and The cash dividend ratio shall not be less than 20% of the total cash dividend and stock dividend.

The Corporation's policies on the distribution of employees’ and directors’ compensation are described in Note 22 (3) Employees’ compensation and directors' compensation.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2019 and 2018 approved in the shareholders’ meetings in June 9th 2020 and June 12th 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Special reserve	$ 198,995	$ 99,508
Cash dividends	$ 189,107	$ 58,366
Share dividends	$ -	$ 233,465
Cash dividends per share (NT$)	$ 0.6	$ 0.2
Share dividends per share (NT$)	$ -	$ 0.8

The appropriations of earnings for 2020 proposed or resolved by the Corporation's board of directors on March 24, 2021 were as follows:

	For the Year Ended December 31, 2020
Proposed	
Reversal of Special reserve	$ 258,258
Resolved	
Cash dividends	$ 315,178
Cash dividends per share (NT$)	$ 1

Cash dividends above are resolved by the board of directors. Regarding the rest of earnings for 2020, it is subject to the resolution in the shareholders' meeting to be held on June 16, 2021.

21. REVENUE

	For the Year Ended December 31,	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 4,824,676	$ 5,266,816
Revenue from sale of real estate	1,728,001	1,300,737
	$ 6,552,677	$ 6,567,553
Operating cost		
Cost of goods sold	$ 3,107,557	$ 3,304,048
Cost of real estate sold	1,048,393	947,348
	$ 4,155,950	$ 4,251,396

Contract balances

	December 31, 2020	December 31, 2019
Contract liabilities - current		
Sales of real estate	$ 3,238,327	$ 58,235

22. NET PROFIT FROM CONTINUING OPERATIONS

(1) Interest expenses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	$ 137,512	$ 197,257
Interest on lease liabilities	543	618
	$ 138,055	$ 197,875

Information about capitalized interest:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Capitalized interest	$ 14,693	$ 61,978
Capitalization rates (%)	1.27-3.42	3.16-4.07

(2) Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses and Non-Operating Expenses	Total
For the Year Ended December 31, 2020			
Short-term employee benefits	$ 761,375	$ 663,648	$ 1,425,023
Post-employment benefits			
Defined contribution plans	34,469	15,545	50,014
Defined benefit plans (Note 18)	-	13,381	13,381
Other employee benefits	63,962	35,659	99,621
Depreciation expenses	439,273	156,977	596,250
Amortization expenses	-	20	20
For the Year Ended December 31, 2019			
Short-term employee benefits	838,584	646,831	1,485,415
Post-employment benefits			
Defined contribution plans	48,432	23,936	72,368
Defined benefit plans (Note 18)	-	12,038	12,038
Other employee benefits	76,417	36,914	113,331
Depreciation expenses	330,625	151,053	481,678
Amortization expenses	21	623	644

(3) Employees' compensation and remuneration of directors

According to the articles of incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been resolved by the Corporation's board of directors on March 24, 2021 and March 19, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
Cash	**Accrual rate**	**Amount (US Dollars)**	**Accrual rate**	**Amount (US Dollars)**
Employees' compensation	1.03%	$ 183,149	1.03%	$ 122,516
Remuneration of directors	0.84%	149,438	0.84%	99,965

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 in the next period.

The actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2019 and 2018 differed from the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2020 and 2019, respectively.

	For the Year Ended December 31			
	2019 (US Dollars)		2018 (US Dollars)	
	Employees' Compensation	**Remuneration of Directors and Supervisors**	**Employees' Compensation**	**Remuneration of Directors and Supervisors**
Amounts resolved in the board of directors' meetings	$122,516	$99,965	$111,075	$90,630
Amounts recognized in the financial statements	$131,742	$100,370	$123,821	$98,000

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the TWSE.

23. TAXES

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

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 374,390	$ 249,772
Adjustments for prior years	(12,800)	11,355
Land value increment tax	73,244	26,037
	434,834	287,164
Deferred tax		
In respect of the current year	(33,521)	60,304
Income tax expense recognized in profit or loss	$ 401,313	$ 347,468

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	$ 589,401	$ 505,821
Nondeductible expenses in determining taxable income	(3,760)	675
Permanent difference	(297,821)	(265,250)
Tax-exempt income	(5,621)	(6,882)
Unrecognized temporary difference	(824)	(20,761)
Deferred tax effect of earnings of subsidiaries	59,494	96,473
Land Value Increment Tax	73,244	26,037
Adjustments for prior years' tax	(12,800)	11,355
Income tax expense recognized in profit or loss	$ 401,313	$ 347,468

According to the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises and other regulations, Wuxi Paiho Textile Co., Limited and Dongguan Paihong Industry Co., Ltd are entitled to exemption from income tax for five years beginning from the first year the entity made profit – full exemption in the first two years and half exemption in the next three years. Operating loss, if any, may be carried forward and deducted from corporate income tax in the next five taxable years.

Wuxi Paiho Textile Co., Limited and Dongguan Paihong Industry Co., Ltd were originally levied at an income tax rate of 25%, subject to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (New Enterprise Income Tax Law) and its implementation regulations. The administrative measures stipulate that if an enterprise applies for Measures for the Administration of Accreditation of New and High Technology Enterprises that is determined to be supported by the state and needs to enjoy a preferential tax rate of 15%, it shall be valid for 3 years. Wuxi Paiho Textile Co., Limited obtained the new and high technology enterprises certificate in 2010 and reviewed it in 2013 and re-applied for and obtained new certificate in 2016 and 2019. Therefore, the preferential tax rate will be 15% until 2021. Dongguan Paihong Industry Co., Ltd has obtained the new and high technology enterprises certificate since 2015 and passed the re-application in 2018. Therefore, the preferential tax rate will continue to be 15% until 2020.

Wuxi Paihong Real Estate Co., Ltd. and Wuxi Paiwei Biotechnology Co., Ltd. have an income tax rate of 25%.

Vietnam Paihong Limited Company is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years (full exemption in the first two years and half exemption in the next four years) beginning from the first year that profit is earned (The original tax rate is 20%). In addition, the upper limit of loss is 3 years. If there's a three-year in a row losses, then the fourth year will be the first year with full exemption.

According to the temporary provisions for land value added tax of the People's Republic of China effective January 1, 1994 and its implementation regulations effective January 27, 1995, when transferring government-owned land use rights, buildings, and related facilities in China, for the increase in value, there should be a 30% to 60% progressive tax rate calculated. If the increase in value is not exceed 20% of the total amount of the items that can be deducted, the sales of regular household is exempted from the provisions and regulations.

The Group, based on the request of the local tax authority, needs to make partial prepayment for land value added taxes (classified as other current assets – other) for presale of properties and sales of properties.

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follow:

	For the Year Ended December 31, 2020			
	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for impairment loss	$ 3,733	($ 617)	$ 43	$ 3,159
Allowance for inventory value decline	16,020	10,660	621	27,301
Interest income	12,542	(1,616)	167	11,093
Others	3,755	56,535	1,925	62,215
	$ 36,050	$ 64,962	$ 2,756	$ 103,768
Deferred tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ 384,251	$ 25,507	($ 18,420)	$ 391,338
Others	-	5,934	196	6,130
	$ 384,251	$ 31,441	($ 18,224)	$ 397,468

	For the Year Ended December 31, 2019			
	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for impairment loss	$ 4,964	($ 1,086)	($ 145)	$ 3,733
Allowance for inventory value decline	14,245	2,401	(626)	16,020
Interest income	9,349	2,928	265	12,542
Others	1,796	2,108	(149)	3,755
	$ 30,354	$ 6,351	($ 655)	$ 36,050
Deferred tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ 325,251	$ 66,655	($ 7,655)	$ 384,251

(3) Unused loss deduction of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2020	December 31, 2019
Loss deduction		
Due 2030	$ 213	$ -

24. EARNINGS PER SHARE

For the Year Ended December 31, 2020	Net profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT$)
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	$ 513,531	315,178	$ 1.63
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	215	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	$ 513,531	315,393	$ 1.63
For the Year Ended December 31, 2019			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	$ 359,353	315,178	$ 1.14
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	86	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	$ 359,353	315,264	$ 1.14

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. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The management of the Group believes that the book value of financial assets and financial liabilities that are not measured at fair value are close to their fair value or their fair value cannot be reliably measured.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The financial assets of the consolidated company measured at fair value through profit and loss are measured at level 2 fair value.
There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Structured deposit	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.

(3) Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Fair value through profit or loss financial assets	$ 463,871	$ -
Financial assets at amortized cost (Note 1)	6,239,513	2,908,107
Financial liabilities		
Financial liabilities at amortized cost (Note2)	8,478,103	8,266,598

Note1: 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.

Note2: 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.

(4) Financial risk management objectives and policies

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

1) Market risk

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

(1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

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

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

	Currency Impact For the Year Ended December 31	
	2020	**2019**
USD	$ 3,543	$ 4,616
HKD	344	488

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

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

(2) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Short-term borrowings	$ 455,680	$ 2,128,580
Lease liabilities	10,909	14,075
Cash flow interest rate risk		
Short-term borrowings	1,922,400	1,741,838
Long-term borrowings	4,917,928	3,125,962

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 years ended December 31, 2020 and 2019 would have decreased/increased by $17,101 thousand and $12,170 thousand, respectively.

2) Credit risk

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

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

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of luctuations 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 December 31, 2020 and 2019, the Group had available unutilized bank loan facilities of $5,065,260 thousand and $5,210,835 thousand, respectively.

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

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

	Less Than 3 months	**3 months - 1 Year**	**Over 1 Year**
December 31, 2020			
Non-interest bearing	$ 1,064,443	$ 103,757	$ 13,895
Lease liabilities	1,851	5,553	3,881
Short-term bank loan	1,181,920	1,196,160	-
Long-term bank loan	-	399,432	4,518,496
	$ 2,248,214	$ 1,704,902	$ 4,536,272

	Less Than 3 months	**3 months - 1 Year**	**Over 1 Year**
December 31, 2019			
Non-interest bearing	$ 1,180,350	$ 78,856	$ 11,012
Lease liabilities	1,455	4,754	8,537
Short-term bank loan	2,371,418	1,499,000	-
Long-term bank loan	179,880	352,265	2,593,817
	$ 3,733,103	$ 1,934,875	$ 2,613,366

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
December 31, 2020		
Lease liabilities	$ 7,404	$ 3,881
December 31, 2019		
Lease liabilities	$ 6,209	$ 8,537

27. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is Paiho Int'l Limited, which held 52% of the ordinary shares of the Corporation at December 31, 2020 and 2019. The Corporation's ultimate parent is Taiwan Paiho Limited.

The 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

(1) Related Party Categories / Names

Related Party	Related Party Category
Taiwan Paiho Limited	The Company's ultimate parent
Vietnam Paiho Limited	Sister corporation
Paiho North America Corp.	Sister corporation
PT. Paiho Indonesia	Sister corporation
Dongguan Paiho Textile Limited	Sister corporation
Wuxi Paisem Chemical Fibre Co., Ltd.	Sister corporation
Dongguan Paiho Powder Coating Co., Ltd.	Sister corporation
Paiho Group China Star International Limited	Sister corporation
Ming-Chang Chiang	Others
Chin-Hui Lin	Others
Hsi-Ming Pai	Others
Mei-Hui Lin	Others
Yun-Yun Cheng	Others

(2) Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2020	2019
Sales	Taiwan Paiho Limited	$ 13,126	$ 8,208
	Sister corporation	133,290	322,186
	Others	13,233	48,759
		$ 159,649	$ 379,153

The sale of goods to related parties were made at the market price. The credit period of sales of goods was about 3 months. Others refer to sale of construction assets - Paiho International Mansion at subscription price, which was approved in the local filing. As of December 31, 2020 and 2019, advance real estate receipts were $0 thousand and $7,153 thousand (classified as contract liabilities - current) respectively.

(3) Purchases of goods

Related Party Category/Name	**For the Year Ended December 31** 2020	2019
Taiwan Paiho Limited	$ 283,832	$ 270,757
Sister corporation	1,051	44
	$ 284,883	$ 270,801

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

(4) Aqusition of property, plant, and equipment

Related Party Category/Name	**Aquired at price — For the Year Ended December 31** 2020	2019
Taiwan Paiho Limited	$ 2,172	$ -

(5) Leasing agreement

Related Party Category/Name	**For the Year Ended December 31** 2020	2019
Leasing expenses		
Taiwan Paiho Limited	$ 95	$ 128
Sister corporation	4,327	4,514
	$ 4,422	$ 4,642

Leasing expenses including short-term leasing expenses. The total future payment of short-term leasing is disclosed as follows.

	December 31, 2020	**December 31, 2019**
Total future payment of short-term leasing	$ 4,606	$ 4,531

Above leasing expenses referred to those of nearby areas and they will be determined under mutual agreement.

(6) Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Trade receivables	Taiwan Paiho Limited	$ -	$ 1,767
	Sister corporation		
	Paiho North America Corp.	9,573	23,663
	Vietnam Paiho Limited	4,009	8,524
	PT. Paiho Indonesia	7,039	2,364
	Others	-	215
		$ 20,621	$ 36,533

(7) Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Trade payables	Taiwan Paiho Limited	$ 86,532	$ 36,573
	Sister corporation	-	13
		$ 86,532	$ 36,586
Other payables	Taiwan Paiho Limited	$ 12	$ -
	Sister corporation	2,680	5,613
		$ 2,692	$ 5,613

(8) Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 95,985	$ 85,206
Post-employment benefits	2,188	1,250
	$ 98,173	$ 86,456

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantee for power company:

	December 31, 2020	December 31, 2019
Financial assets at amortized cost	$ 20,205	$ 20,940

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group at December 31, 2020 and 2019 were as follows:

(1) Group's unrecognized commitments

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	$ 78,184	$ 311,323

(2) As of December 31, 2020 and 2019, the Group had signed construction contracts but not yet paid for approximately $1,323,104 thousand and $1,530,986 thousand, respectively.

(3) As of December 31, 2020, the Group had signed contracts of presold real estate. Information is set out below.

Construction Name	Total Amount (Including tax)	Received Amount
Paiho International Mansion	$ 3,651,616	$ 3,238,327

(4) 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, the Corporation 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.

(5) Subsidiaries of the Group, which are property developers in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons). The amount of mortgage loans was remitted to the subsidiaries of the Group as payment for the property sold. If a customer breached a

mortgage contract, the subsidiaries of the Group will return to the banks only the amount of mortgage received. Therefore, the Group is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (the Regulations) announced by the SFB, the above guarantee provided by the subsidiaries of the Group to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

30. OTHERS

Affected by the coronavirus epidemic, countries around the world have implemented quarantine, travel restrictions, and other control measures, resulting in a sharp decline in the global sales of sports and leisure footwear and apparel terminal products. However, thanks to the company's diversified product lines, specialization in product research and development, innovation, and wide product application, it is estimated that the epidemic do not have a significant impact on the company's overall operations

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2020			December 31, 2019		
	Foreign Currencies	**Exchange Rate (Note 1)**	**Carrying Amount**	**Foreign Currencies**	**Exchange Rate (Note 1)**	**Carrying Amount**
Financial assets						
Monetary items						
USD	$ 15,568	6.5249 (Note 2)	$ 444,626	$ 16,392	6.9762 (Note 2)	$ 492,306
HKD	10,592	3.674	38,915	13,208	3.849	50,844
Financial liabilities						
Monetary items						
USD	3,164	6.5249 (Note 2)	90,353	1,022	6.9762 (Note 2)	30,706
HKD	1,216	3.674	4,469	527	3.849	2,029

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

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

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

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

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
USD	29.5493 (USD:NTD)	($ 14,434)	30.9118 (USD:NTD)	($ 5,724)
RMB	4.2818 (RMB:NTD)	(28,159)	4.4720 (RMB:NTD)	3,186
HKD	3.8093 (HKD:NTD)	(1,013)	3.945 (HKD:NTD)	(738)
		($ 43,606)		($ 3,276)

32. SEPARATELY DISCLOSED ITEMS

(1)(2)Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held. (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 7)

11) Information on investees. (Table 8)

(3)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 9)

2)Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Tables 5 and 7)

B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 5 and 7)

C. The amount of property transactions and the amount of the resultant gains or losses. (None)

D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)

E. The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (Tables 1, 6 and 7)

F. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (Table 7)

(4)Information on major shareholders

The list of all shareholders with ownership of 5 percent or greater (Table 10)

33. 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 manages and allocates resources to research and development, manufacturing and sales of main and auxiliary materials and construction. The operating activities are the operation departments of research and development, manufacturing and sales of main and auxiliary materials and accessories products. The Group's reportable segments are Production and Construction.

(1) Segment revenues and results

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

	For the Year Ended December 31			
	Segment Revenue		Segement Profit	
	2020	2019	2020	2019
Production	$ 4,824,676	$ 5,266,816	$ 514,976	$ 641,981
Construction	1,728,001	1,300,737	551,221	280,251
Total from continuing operations	$ 6,552,677	$ 6,567,553	1,066,197	922,232
Interest income			70,524	42,921
Other income and benefits			34,515	27,495
Interest expenses			(138,055)	(197,875)
Other expenses and losses			(48,511)	(24,511)
Profit before income tax			$ 984,670	$ 770,262

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the years ended December 31, 2020 and 2019.

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

(2) 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.

(3) Geographical information

The Corporation and its subsidiaries mainly operate in China and Vietnam.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
China	$ 6,133,564	$ 6,274,683	$ 2,139,904	$ 2,072,998
Vietnam	419,113	292,870	4,954,441	5,414,985
	$ 6,552,677	$ 6,567,553	$ 7,094,345	$ 7,487,983

Non-current assets do not include financial assets at amortized cost and deferred tax assets.

(4) Information about major customers

In 2020 and 2019, no single customer accounts for at least 10% of the Group's service revenue; therefore, no customer information is required to be disclosed.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Notes 4 and 6)	Ending Balance (Notes 5 and 6)	Actual Borrowing Amount (Notes 5 and 8)	Interest Rate	Nature of Financing (Note 7)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1, 2, and 3)	Aggregate Financing Limits (Note 1, 2 , and 3)
													Item	Value		
0	The Corporation	Hon Shin Corp.	Receivables from related parties	Yes	$ 142,550 (USD 5,000)	$ 142,400 (USD 5,000)	$ 142,400 (USD 5,000)	3-month USD Libor rate, plus 1.28%	Necessary for short-term financing	$ -	Operating capital	$ -	-	$	$ 2,037,162	$ 2,037,162
		Vietnam Paihong Limited Company	Receivables from related parties	Yes	1,357,228 (USD 45,500)	1,153,440 (USD 40,500)	1,153,440 (USD 40,500)	3-month USD Libor rate, plus 1.28%	Necessary for short-term financing	-	Operating capital	-	-		2,037,162	2,037,162
1	Dongguan Paihong Industry Co Ltd.	Wuxi Paihong Real Estate Co., Ltd.	Receivables from related parties	Yes	611,968 (RMB 140,000)	-	-	4.7%	Necessary for short-term financing	-	Operating capital	-	-		3,330,912	3,300,912
2	Wuxi Paiho Textile Co. Limited	Wuxi Paihong Real Estate Co., Ltd	Receivables from related parties	Yes	610,342 (RMB 140,000)	-	-	4.35%-4.7%	Necessary for short-term financing	-	Operating capital	-	-		1,374,582	2,749,165
		Wuxi Paiwei Biotechnology Co. Ltd.	Receivables from related parties	Yes	172,020 (RMB 40,000)	175,080 (RMB 40,000)	131,310 (RMB 30,000)	4.35%-4.7%	Necessary for short-term financing	-	Operating capital	-	-		1,374,582	2,749,165
3	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivables from related parties	Yes	997,985 (USD 32,875)	636,172 (USD 22,338)	636,172 (USD 22,338)	3-month USD Libor rate, plus 1.28% and 2.25%	Necessary for long-term and short-term financing	-	Operating capital	-	-		1,185,851	1,185,851

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

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

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

Note 4: The highest balance for the period in New Taiwan Dollars was calculated by multiplying the month in which the highest foreign currency balance occurred by the exchange rate of the new Taiwan Dollars on the day of occurrence.

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

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

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Shin Corp.	(Note 1)	$ 5,092,904	$ 3,341,350 (USD 102,000) (EUR 8,000)	$ 2,363,840 (USD 83,000)	$ 811,680 (USD 28,500)	$ -	46.41%	$ 7,639,356	Y	-	-
		Vietnam Paihong Limited Company	(Note 1)	5,092,904	3,688,687 (USD 123,000)	2,815,248 (USD 98,850)	2,217,168 (USD 77,850)	-	55.28%	7,639,356	Y	-	-
		Dongguan Paihong Industry Co., Ltd.	(Note 1)	5,092,904	157,000 (USD 5,000)	-	-	-	-	7,639,356	Y	-	Y
1	Hon Shin Corp.	Vietnam Paihong Limited Company	(Note 1)	1,185,851	60,160 (USD 2,000)	56,960 (USD 2,000)	-	-	4.80%	1,778,776	Y	-	-

Note 1: The relationship between the endorser and endorsee is that the endorser holds more than 50% of the voting shares directly or indirectly.

Note 2: The individual amount shall not exceed the net worth of the Corporation and Hon Shin Corp. and the total amount shall not exceed total guarantee limit.

Note 3: The aggregate amount of the guarantee shall not exceed 150% of the net worth of the Corporation and Hon shin Corp.

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

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

TABLE 3

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units Note (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Note)	
Dongguan Paihong Industry Co., Ltd.	Finalcial products							
	Fubon Bank (China) –The RMB structured deposits of YUE-SHIANG-YING (capital guaranteed)	-	Fair value through profit or loss financial assets - current	-	$ 266,852 (RMB 60,950)	-	$ 266,852 (RMB 60,950)	
	Bank SinoPac - The RMB structured deposits (capital guaranteed)	-	Fair value through profit or loss financial assets - current	-	197,019 (RMB 45,000)	-	197,019 (RMB 45,000)	

Note: Please refer to Note 26 for information on fair value through other comprehensive income.

TABLE 4

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICE AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount
	Finalcial products													
Wuxi Paihong Real Estate Co., Ltd.	Fubon Bank (China) –The RMB structured deposits of YUE-SHIANG-YING (capital guaranteed)	Fair value through profit or loss financial assets - current	-	-		$		$ 512,251 (RMB 117,000)	-	$ 512,251 (RMB 117,000)	$ 512,251 (RMB 117,000)	$ -	-	$ -
	Finalcial products													
Wuxi Paiho Textile Co. Limited	Fubon Bank (China) –The RMB structured deposits of YUE-SHIANG-YING (capital guaranteed)	Fair value through profit or loss financial assets - current	-	-				576,785 (RMB 131,740)	-	576,785 (RMB 131,740)	576,785 (RMB 131,740)	-	-	-
Dongguan Paihong Industry Co., Ltd.	Fubon Bank (China) –The RMB structured deposits of YUE-SHIANG-YING (capital guaranteed)	Fair value through profit or loss financial assets - current	-	-				531,777 (RMB 121,460)	-	264,925 (RMB 60,510)	264,925 (RMB 60,510)	-	-	266,852 (RMB 60,950)

Note: Figures in foreign currency in above table were converted into New Taiwan Dollars at the exchange rate of the date on the balance shreet.

TABLE 5

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 YEAR ENDED DECEMBER 31, 2020
(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	
Pai Lon International Trading Limited	Dongguan Paihong Industry Co., Ltd. (Note 2)	Note 1	Sale	$ 288,555 (USD 9,765)	(37%)	About 3 months	Use market price or purchase cost plus 17% of Pai Lon International Trading Limited	About 3 months	$ 72,440 (USD 2,544)	49%	-
	Wuxi Paiho Textile Co., Limited (Note 2)	Note 1	Sale	106,019 (USD 3,588)	(14%)	About 3 months	Use market price or purchase cost plus 17% of Pai Lon International Trading Limited	About 3 months	7,284 (USD 256)	5%	-
Wuxi Paiho Textile Co., Limited	Pai Lon International Trading Limited (Note 2)	Note 1	Sale	245,289 (RMB 57,286)	(12%)	About 3 months	Use market price or 88% sales price of Pai Lon International Trading Limited	About 3 months	6,272 (RMB 1,433)	1%	-
	Taiwan Paiho Limited	Note 1	Purchase	138,145 (RMB 32,263)	18%	About 3 months	Use market price	About 3 months	37,830 (RMB 8,643)	24%	-
Vietnam Paihong Limited Company	Hon Shin Corp. (Note 2)	Note 1	Sale	243,104 (USD 8,227)	(85%)	About 3 months	Use market price	About 3 months	88,220 (USD 3,098)	83%	-

Note 1: See Note 11 to the consolidated financial statements.

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party (Note 3)	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Vietnam Paihong Limited Company	Note 2	$ 1,156,264 (USD 40,599)	-	$ -	-	$ 2,225 (USD 78)	$ -
	Hon Shin Corp.	Note 2	153,720 (USD 5,397)	-	-	-	-	-
Dongguan Paihong Industry Co., Ltd	Pai Lon International Trading Limited	Note 2	171,190 (RMB 39,111)	0.42	-	-	171,190 (RMB 39,111)	-
Hon Shin Corp.	Vietnam Paihong Limited Company	Note 2	660,482 (USD 23,191)	1.56	-	-	37,508 (USD 1,317)	-

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

Note 2: See Note 11 to the consolidated financial statements.

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

TABLE 7

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account (Note 2)	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Vietnam Paihong Limited Company	(1)	Receivables-related parties	USD 40,500	-	6
		Vietnam Paihong Limited Company	(1)	Other receivables	USD 99	-	-
		Vietnam Paihong Limited Company	(1)	Interest revenue	USD 590	-	-
		Hon Shin Corp.	(1)	Receivables-related parties	USD 5,000	-	1
		Hon Shin Corp.	(1)	Other receivables	USD 397	-	-
		Hon Shin Corp.	(1)	Interest revenue	USD 2	-	-
		Hon Shin Corp.	(1)	Other revenue	USD 1,800	-	1
		Pai Lon International Trading Limited	(1)	Other receivables	USD 428	-	-
		Pai Lon International Trading Limited	(1)	Other revenue	USD 2,400	-	1
1	Pai Lon International Trading Limited	Wuxi Paiho Textile Co., Limited	(3)	Trade receivables	USD 256	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Prepayments	USD 217	About 3 months	-
		Wuxi Paiho Textile Co., Limited	(3)	Other payable	USD 3	-	-
		Wuxi Paiho Textile Co., Limited	(3)	Sales	USD 3,588	About 3 months	2
		Wuxi Paiho Textile Co., Limited	(3)	Cost of goods sold	USD 8,217	About 3 months	5
		Wuxi Paiho Textile Co., Limited	(3)	Unrealized sales profits	USD 473	-	-
		Dongguan Paihong Industry Co., Ltd.	(3)	Trade receivables	USD 2,544	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(3)	Trade payables	USD 55	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(3)	Temporary receipts	USD 5,940	-	1
		Dongguan Paihong Industry Co., Ltd.	(3)	Sales	USD 9,765	About 3 months	6
		Dongguan Paihong Industry Co., Ltd.	(3)	Cost of goods sold	USD 861	About 3 months	1
		Dongguan Paihong Industry Co., Ltd.	(3)	Unrealized sales profits	USD 164	-	-
		Hon Shin Corp.	(3)	Trade receivables	USD 2	About 3 months	-
		Hon Shin Corp.	(3)	Other receivables	USD 86	-	-
		Hon Shin Corp.	(3)	Sales	USD 22	About 3 months	-
2	Wuxi Paiho Textile Co. Limited	Dongguan Paihong Industry Co., Ltd.	(1)	Trade receivables	RMB 954	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Trade payables	RMB 2,411	About 3 months	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Sales	RMB 4,492	About 3 months	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details				
				Financial Statement Account (Note 2)	Amount (Note 2)		Payment Terms	% to Total Sales or Assets
2	Wuxi Paiho Textile Co., Limited	Dongguan Paihong Industry Co., Ltd.	(1)	Cost of goods sold	RMB	22,257	About 3 months	2
		Dongguan Paihong Industry Co., Ltd.	(1)	Rent cost	RMB	109	-	-
		Dongguan Paihong Industry Co., Ltd.	(1)	Unrealized sales profits	RMB	253	-	-
		Wuxi Paihong Real Estate Co., Ltd.	(1)	Other receivables	RMB	3	-	-
		Wuxi Paihong Real Estate Co., Ltd.	(1)	Interest revenue	RMB	4,003	-	-
		Wuxi Paihong Real Estate Co., Ltd.	(1)	Rent Revenue	RMB	25	-	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Trade receivables	RMB	769	About 3 months	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Receivables - related parties	RMB	30,000	-	1
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Other receivables	RMB	706	-	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Trade payables	RMB	168	About 3 months	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Other payable	RMB	270	-	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Sales	RMB	2,119	About 3 months	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Cost of goods sold	RMB	419	About 3 months	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Rent Revenue	RMB	867	-	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(1)	Interest revenue	RMB	636	-	-
3	Dongguan Paihong Industry Co., Ltd.	Wuxi Paihong Real Estate Co., Ltd.	(3)	Interest revenue	RMB	2,880	-	-
		Wuxi Paiho Textile Co., Limited	(3)	Unrealized sales profits	RMB	1,030	-	-
		Hon Shin Corp.	(3)	Trade receivables	RMB	31	About 3 months	-
		Hon Shin Corp.	(3)	Sales	RMB	31	About 3 months	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(3)	Other payable	RMB	12	-	-
		Wuxi Paiwei Biotechnology Co., Ltd.	(3)	Cost of goods sold	RMB	261	About 3 months	-
		Vietnam Paihong Limited Company	(3)	Trade payables	RMB	69	About 3 months	-
		Vietnam Paihong Limited Company	(3)	Cost of goods sold	RMB	71	About 3 months	-
4	Hon Shin Corp.	Vietnam Paihong Limited Company	(1)	Trade receivables	USD	824	About 3 months	-
		Vietnam Paihong Limited Company	(1)	Receivables - related parties	USD	22,338	-	3
		Vietnam Paihong Limited Company	(1)	Other receivables	USD	29	-	-
		Vietnam Paihong Limited Company	(1)	Other payable	USD	3,098	About 3 months	-
		Vietnam Paihong Limited Company	(1)	Sales	USD	3,203	About 3 months	2
		Vietnam Paihong Limited Company	(1)	Cost of goods sold	USD	8,227	About 3 months	5
		Vietnam Paihong Limited Company	(1)	Interest revenue	USD	527	-	-

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.

TABLE 8

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee (Note 1)	Share of Profit (Loss) (Note 1)	Note
				December 31, 2020	December 31, 2019	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%	$ 7,486,939	$ 1,084,903	$ 1,084,903	Subsidiary
	Pai Lon International Trading Limited	British Virgin Islands	International trade	USD 1,791	USD 1,791	1,500,000	100%	(105,598)	(22,794)	(17,817)	Subsidiary
	Hon Shin Corp.	British Samoa	International investments and trade	USD 95,000	USD 95,000	95,000,000	100%	1,094,697	(571,317)	(571,317)	Subsidiary
	Taiwan Paiho Limited	Taiwan	Production and sales of masks and non-woven products	60,000	-	6,000,000	100%	59,766	(213)	(213)	Subsidiary
Hon Shin Corp.	Vietnam Paihong Limited Company	Binh Duong Province, Vietnam	Production & marketing of mesh and other fabrics.	USD 95,000	USD 95,000	-	100%	1,340,708	(537,473)	(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 9.

Note 3: Not applicable.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or 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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 5)	Carrying Amount as of December 31, 2020 (Notes 4 and 5)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Wuxi Paiho Textile Co., Limited	Processing of Touch Fasteners, Webbing and Embroidery	$ 1,683,360 (RMB 384,592)	(Note 1)	$ 1,034,821 (USD 36,335)	$ -	$ -	$ 1,034,821 (USD 36,335)	$ 1,035,344	93%	$ 964,913	$ 6,682,177	$ 846,621 (USD 2,512) (RMB 177,080)
Dongguan Paihong Industry Co., Ltd	Production & Marketing of Touch Fastener, Elastic, Various Type of Webbings and Jacquard Engineered Mesh, And Consumer Electronic Accessories, Etc.	1,563,004 (RMB 357,095)	(Note 1)	512,640 (USD 18,000)	-	-	512,640 (USD 18,000)	534,344	96%	509,595	3,328,957	375,392 (RMB 85,765)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,663,260 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	361,125	93%	336,559	2,178,016	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	218,850 (RMB 50,000)	(Note 1)	(Note 2)	-	-	(Note 2)	27,667	93%	25,945	210,987	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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 11 to the consolidated financial statements.

Note 2: Investee of Wuxi Paiho Textile Co., Limited (which was reinvested by Hong Kong Antex Limited, which was reinvested by the company, was invested and established in mainland China

Note 3: The amounts denominated in foreign currency were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 4: The investment gain (loss) is recognized according to the financial statements audited by the Corporation’s independent auditors.

Note 5: Significant intercompany accounts and transactions have been eliminated.

TABLE 10

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Paiho INT'L Limited	162,632,396	51.60%
Kuo-Ian Cheng	25,554,482	8.10%

Note: Information on Major shareholders, compiled by Taiwan Depository & Clearing Corp., shows all shareholders with ownership of 5 percent or greater of the Company's common and special shares (including treasury shares) that have completed dematerialized registration and delivery based on the last business day at the end of the current quarter.
The share capital recorded in the company's consolidated financial statements and the actual number of shares that have completed dematerialized registration and delivery may be different due to different calculation basis.