

**Paiho Shih Holdings Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Paiho Shih Holdings Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Paiho Shih Holdings Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2021

Notice to Readers

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,341,064	21	\$ 4,421,184	24	\$ 3,758,947	21
Financial assets at fair value through profit or loss - current (Note 7)	-	-	463,871	2	984,673	6
Financial assets at amortized cost - current (Note 8)	191,486	1	504,067	3	165,225	1
Notes receivable (Note 9)	11,363	-	13,004	-	12,587	-
Trade receivables (Note 9)	1,381,064	9	1,132,954	6	1,053,763	6
Trade receivables - related parties (Notes 9 and 26)	22,572	-	20,621	-	22,298	-
Other receivables	250,709	1	118,496	1	301,729	2
Inventories - manufacturing (Note 10)	1,139,184	7	1,011,580	5	988,951	6
Inventories - constructing (Note 10)	2,420,850	15	3,134,576	17	2,595,350	15
Other current assets (Note 15)	301,446	2	467,495	3	360,464	2
Total current assets	9,059,738	56	11,287,848	61	10,243,987	59
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 8 and 27)	21,967	-	20,205	-	20,536	-
Property, plant and equipment (Notes 12 and 26)	5,747,450	36	5,942,053	32	6,014,369	35
Right-of-use assets (Note 13)	882,075	6	922,014	5	937,426	5
Goodwill (Note 14)	43,703	-	44,899	-	45,867	-
Other intangible assets	37	-	54	-	1,138	-
Deferred tax assets (Notes 4 and 23)	44,386	-	103,768	1	33,699	-
Prepayments for machinery and equipment	210,366	2	164,669	1	160,675	1
Other non-current assets (Note 15)	34,115	-	20,656	-	13,199	-
Total non-current assets	6,984,099	44	7,218,318	39	7,226,909	41
TOTAL	\$ 16,043,837	100	\$ 18,506,166	100	\$ 17,470,896	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 3,063,195	19	\$ 2,378,080	13	\$ 4,452,300	26
Contract liabilities - current (Notes 21 and 26)	237,531	1	3,238,327	18	2,416,102	14
Trade payables	726,236	5	392,028	2	420,965	2
Trade payable - related parties (Note 26)	80,914	1	86,532	-	45,478	-
Other payables (Notes 17 and 26)	655,835	4	689,640	4	725,531	4
Current tax liabilities (Notes 4 and 23)	137,345	1	150,708	1	49,281	-
Lease liabilities - current (Note 13)	4,509	-	7,109	-	6,865	-
Current portion of long-term borrowings (Note 16)	238,118	1	399,432	2	797,340	5
Other current liabilities	72,600	-	59,564	-	68,649	-
Total current liabilities	5,216,283	32	7,401,420	40	8,982,511	51
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	3,530,578	22	4,518,496	24	2,229,485	13
Deferred tax liabilities (Notes 4 and 23)	396,673	2	397,468	2	474,554	3
Lease liabilities - non-current (Note 13)	1,000	-	3,800	-	5,463	-
Deferred revenue - non-current	84,432	1	87,849	1	86,350	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	142,366	1	135,524	1	117,086	1
Guarantee deposits received	14,470	-	13,895	-	15,006	-
Total non-current liabilities	4,169,519	26	5,157,032	28	2,927,944	17
Total liabilities	9,385,802	58	12,558,452	68	11,910,455	68
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Common stock	3,151,781	20	3,151,781	17	3,151,781	18
Capital surplus	461,544	3	461,544	2	461,544	3
Retained earnings						
Special reserve	418,225	3	676,483	4	676,483	4
Unappropriated earnings	2,616,814	16	1,591,644	8	1,468,212	8
Other equity	(490,600)	(3)	(418,225)	(2)	(665,116)	(4)
Total equity attributable to owners of the Corporation	6,157,764	39	5,463,227	29	5,092,904	29
NON-CONTROLLING INTERESTS	500,271	3	484,487	3	467,537	3
Total equity	6,658,035	42	5,947,714	32	5,560,441	32
TOTAL	\$ 16,043,837	100	\$ 18,506,166	100	\$ 17,470,896	100

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 21 and 26)	\$ 1,860,168	100	\$ 1,368,329	100	\$ 8,168,481	100	\$ 5,134,004	100
COST OF GOODS SOLD (Notes 10, 21, 22 and 26)	<u>1,243,944</u>	<u>67</u>	<u>876,820</u>	<u>64</u>	<u>5,077,321</u>	<u>62</u>	<u>3,259,538</u>	<u>64</u>
GROSS PROFIT	<u>616,224</u>	<u>33</u>	<u>491,509</u>	<u>36</u>	<u>3,091,160</u>	<u>38</u>	<u>1,874,466</u>	<u>36</u>
OPERATING EXPENSES (Notes 22 and 26)								
Selling and marketing expenses	170,553	9	127,414	9	542,043	7	427,910	8
General and administrative expenses	143,104	8	110,653	8	381,331	5	289,444	5
Research and development expenses	101,142	5	101,874	8	314,214	4	291,502	6
Expected credit loss (gain) (Note 9)	<u>(5,895)</u>	<u>-</u>	<u>(17,701)</u>	<u>(1)</u>	<u>12,491</u>	<u>-</u>	<u>(8,395)</u>	<u>-</u>
Total operating expenses	<u>408,904</u>	<u>22</u>	<u>322,240</u>	<u>24</u>	<u>1,250,079</u>	<u>16</u>	<u>1,000,461</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>207,320</u>	<u>11</u>	<u>169,269</u>	<u>12</u>	<u>1,841,081</u>	<u>22</u>	<u>874,005</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES								
Subsidy revenue	559	-	9,190	1	5,737	-	14,425	-
Finance costs (Note 22)	(27,855)	(2)	(25,277)	(2)	(80,028)	(1)	(112,201)	(2)
Interest income	15,753	1	14,082	1	63,904	1	46,904	1
Other income	41,414	2	2,911	-	47,551	-	12,513	-
Other expenses	(12,732)	(1)	(3,274)	-	(23,309)	-	(9,313)	-
Net gain (loss) on disposal of property, plant and equipment	(2,229)	-	11,341	1	(2,710)	-	9,244	-
Net foreign exchange gain (loss) (Note 22)	<u>11,178</u>	<u>1</u>	<u>(16,680)</u>	<u>(1)</u>	<u>(195)</u>	<u>-</u>	<u>(19,128)</u>	<u>-</u>
Total non-operating income and expenses	<u>26,088</u>	<u>1</u>	<u>(7,707)</u>	<u>-</u>	<u>10,950</u>	<u>-</u>	<u>(57,556)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	233,408	12	161,562	12	1,852,031	22	816,449	16
INCOME TAX EXPENSE (Notes 4 and 23)	<u>75,973</u>	<u>4</u>	<u>76,874</u>	<u>6</u>	<u>677,439</u>	<u>8</u>	<u>376,726</u>	<u>7</u>
NET PROFIT FOR THE PERIOD	<u>157,435</u>	<u>8</u>	<u>84,688</u>	<u>6</u>	<u>1,174,592</u>	<u>14</u>	<u>439,723</u>	<u>9</u>

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Foreign exchange differences on translation to presentation currency	\$ 472	-	\$ (102,197)	(7)	\$ (127,214)	(2)	\$ (161,685)	(3)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(7,615)	-	290,107	21	52,648	1	169,786	3
Other comprehensive loss for the period	(7,143)	-	187,910	14	(74,566)	(1)	8,101	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 150,292</u>	<u>8</u>	<u>\$ 272,598</u>	<u>20</u>	<u>\$ 1,100,026</u>	<u>13</u>	<u>\$ 447,824</u>	<u>9</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 140,899	7	\$ 69,783	5	\$ 1,082,090	13	\$ 374,402	8
Non-controlling interests	16,536	1	14,905	1	92,502	1	65,321	1
	<u>\$ 157,435</u>	<u>8</u>	<u>\$ 84,688</u>	<u>6</u>	<u>\$ 1,174,592</u>	<u>14</u>	<u>\$ 439,723</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 134,209	7	\$ 249,204	18	\$ 1,009,715	12	\$ 385,769	8
Non-controlling interests	16,083	1	23,394	2	90,311	1	62,055	1
	<u>\$ 150,292</u>	<u>8</u>	<u>\$ 272,598</u>	<u>20</u>	<u>\$ 1,100,026</u>	<u>13</u>	<u>\$ 447,824</u>	<u>9</u>
EARNINGS PER SHARE								
(Note 24)								
Basic	<u>\$ 0.44</u>		<u>\$ 0.22</u>		<u>\$ 3.43</u>		<u>\$ 1.19</u>	
Diluted	<u>\$ 0.44</u>		<u>\$ 0.22</u>		<u>\$ 3.43</u>		<u>\$ 1.19</u>	

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

(Concluded)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Total	Non-controlling Interests	Total Equity
	Common Stock (Note 20)	Capital Surplus (Note 20)		Retained Earnings (Note 20)		Other Equity Exchange Differences on Translation of Foreign Operations			
		Additional Paid-in Capital	Changes in Percentage of Ownership Interest in Subsidiaries	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	\$ 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	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	198,995	(198,995)	-	-	-	-
Cash dividend	-	-	-	-	(189,107)	-	(189,107)	-	(189,107)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(20,543)	(20,543)
Net profit for the nine months ended September 30, 2020	-	-	-	-	374,402	-	374,402	65,321	439,723
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	11,367	11,367	(3,266)	8,101
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	374,402	11,367	385,769	62,055	447,824
BALANCE AT SEPTEMBER 30, 2020	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 676,483	\$ 1,468,212	\$ (665,116)	\$ 5,092,904	\$ 467,537	\$ 5,560,441
BALANCE AT JANUARY 1, 2021	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 676,483	\$ 1,591,644	\$ (418,225)	\$ 5,463,227	\$ 484,487	\$ 5,947,714
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(258,258)	258,258	-	-	-	-
Cash dividend	-	-	-	-	(315,178)	-	(315,178)	-	(315,178)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(74,527)	(74,527)
Net profit for the nine months ended September, 2021	-	-	-	-	1,082,090	-	1,082,090	92,502	1,174,592
Other comprehensive loss for the nine months ended September, 2021	-	-	-	-	-	(72,375)	(72,375)	(2,191)	(74,566)
Total comprehensive income (loss) for the nine months ended September, 2021	-	-	-	-	1,082,090	(72,375)	1,009,715	90,311	1,100,026
BALANCE AT SEPTEMBER 30, 2021	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 418,225	\$ 2,616,814	\$ (490,600)	\$ 6,157,764	\$ 500,271	\$ 6,658,035

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,852,031	\$ 816,449
Adjustments for :		
Depreciation expense	462,375	451,945
Amortization expense	15	38
Expected credit loss recognized (reversed) on trade receivables	12,491	(8,395)
Finance costs	80,028	112,201
Interest income	(63,904)	(46,904)
(Gain) loss on disposal of property, plant and equipment	2,710	(9,244)
Write-down of inventories	11,432	32,933
Unrealized foreign currency exchange loss (gain), net	(4,343)	687
Others	(1,986)	(1,951)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	459,411	(982,513)
Notes receivable	1,364	(369)
Trade receivables	(285,714)	7,720
Other receivables	(136,325)	(6,807)
Inventories - manufacturing	(166,951)	(172,042)
Inventories - constructing	636,523	57,175
Other current assets	156,078	(284,119)
Contract liabilities	(2,943,940)	2,414,830
Trade payables	344,845	109,027
Other payables	(34,244)	102,683
Other current liabilities	14,701	(18,279)
Net defined benefit liabilities	(971)	15,081
Cash generated from operations	395,626	2,590,146
Interest received	63,904	46,904
Interest paid	(84,752)	(125,991)
Income tax paid	(622,293)	(315,404)
Net cash generated from (used in) operating activities	<u>(247,515)</u>	<u>2,195,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,221,036)	(1,998,145)
Proceeds from disposal of financial assets at amortized cost	2,527,387	1,833,074
Payments for property, plant and equipment	(247,458)	(213,418)
Proceeds from disposal of property, plant and equipment	9,283	26,255
Increase in refundable deposits	(14,127)	(776)
Payments for intangible assets	-	(1,114)
Payments for right-of-use assets	-	(232,478)

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PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
Decrease (increase) in other non-current assets	\$ (308)	\$ 1,646
Increase in prepayments for machinery and equipment	<u>(150,846)</u>	<u>(109,599)</u>
Net cash used in investing activities	<u>(97,105)</u>	<u>(694,555)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	743,468	712,626
Proceeds from long-term borrowings	3,831,033	1,297,040
Repayments of long-term borrowings	(4,879,584)	(1,304,603)
Proceeds from guarantee deposits received	889	4,423
Repayment of the principal portion of lease liabilities	(5,255)	(4,777)
Dividends paid to owners of the Corporation	(315,178)	(189,107)
Dividends paid to non-controlling interests	<u>(74,527)</u>	<u>(20,543)</u>
Net cash generated from (used in) financing activities	<u>(699,154)</u>	<u>495,059</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(36,346)</u>	<u>17,169</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,080,120)	2,013,328
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,421,184</u>	<u>1,745,619</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,341,064</u>	<u>\$ 3,758,947</u>

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

(Concluded)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Paiho Shih Holdings Corporation (the “Corporation”) was incorporated on November 6, 2006. It was established in 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 November 9, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are 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” are 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” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above 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.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above 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

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. 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).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

5. 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 considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Petty cash and cash on hand	\$ 24,796	\$ 24,910	\$ 23,983
Checking accounts and demand deposits	1,119,408	1,059,982	601,910
Cash equivalents (deposit accounts with original maturities of less than 3 months)	<u>2,196,860</u>	<u>3,336,292</u>	<u>3,133,054</u>
	<u>\$ 3,341,064</u>	<u>\$ 4,421,184</u>	<u>\$ 3,758,947</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non derivative financial assets			
Structured deposits	<u>\$ -</u>	<u>\$ 463,871</u>	<u>\$ 984,673</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Restricted deposits	\$ <u>191,486</u>	\$ <u>504,067</u>	\$ <u>165,225</u>
<u>Non-current</u>			
Restricted deposits	\$ <u>21,967</u>	\$ <u>20,205</u>	\$ <u>20,536</u>

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

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
At amortized cost	\$ <u>11,363</u>	\$ <u>13,004</u>	\$ <u>12,587</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,463,462	\$ 1,203,100	\$ 1,113,733
Less: Allowance for impairment loss	<u>(59,826)</u>	<u>(49,525)</u>	<u>(37,672)</u>
	\$ <u>1,403,636</u>	\$ <u>1,153,575</u>	\$ <u>1,076,061</u>

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetimes ECLs. The expected credit losses on trade receivables are estimated by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for general economic conditions of the industry in which the customer 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
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
<u>September 30, 2021</u>						
Gross carrying amount	\$ 1,256,731	\$ 102,041	\$ 50,910	\$ 20,688	\$ 33,092	\$ 1,463,462
Loss allowance (Lifetime ECLs)	<u>(14,402)</u>	<u>(15,161)</u>	<u>(13,735)</u>	<u>(7,220)</u>	<u>(9,308)</u>	<u>(59,826)</u>
Amortized cost	<u>\$ 1,242,329</u>	<u>\$ 86,880</u>	<u>\$ 37,175</u>	<u>\$ 13,468</u>	<u>\$ 23,784</u>	<u>\$ 1,403,636</u>
<u>December 31, 2020</u>						
Gross carrying amount	\$ 1,053,108	\$ 93,423	\$ 30,755	\$ 5,808	\$ 20,006	\$ 1,203,100
Loss allowance (Lifetime ECLs)	<u>(11,117)</u>	<u>(16,451)</u>	<u>(11,000)</u>	<u>(2,744)</u>	<u>(8,213)</u>	<u>(49,525)</u>
Amortized cost	<u>\$ 1,041,991</u>	<u>\$ 76,972</u>	<u>\$ 19,755</u>	<u>\$ 3,064</u>	<u>\$ 11,793</u>	<u>\$ 1,153,575</u>
<u>September 30, 2020</u>						
Gross carrying amount	\$ 1,023,792	\$ 44,685	\$ 16,854	\$ 7,428	\$ 20,974	\$ 1,113,733
Loss allowance (Lifetime ECLs)	<u>(10,189)</u>	<u>(7,649)</u>	<u>(5,041)</u>	<u>(3,734)</u>	<u>(11,059)</u>	<u>(37,672)</u>
Amortized cost	<u>\$ 1,013,603</u>	<u>\$ 37,036</u>	<u>\$ 11,813</u>	<u>\$ 3,694</u>	<u>\$ 9,915</u>	<u>\$ 1,076,061</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 49,525	\$ 46,615
Add: Net remeasurement (reversal) of loss allowance	12,491	(8,395)
Less: Amounts written off	(1,275)	(92)
Foreign exchange gains and losses	<u>(915)</u>	<u>(456)</u>
Balance at September 30	<u>\$ 59,826</u>	<u>\$ 37,672</u>

10. INVENTORIES

a. Manufacturing

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 414,881	\$ 313,967	\$ 275,299
Work in process	359,331	290,042	265,563
Raw materials and supplies	353,766	372,112	422,440
Inventory in transit	<u>11,206</u>	<u>35,459</u>	<u>25,649</u>
	<u>\$ 1,139,184</u>	<u>\$ 1,011,580</u>	<u>\$ 988,951</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 was \$1,098,879 thousand, \$831,228 thousand, \$3,028,154 thousand and \$2,225,181 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 included inventory write-downs (reversed) of \$(11,091) thousand, \$5,843 thousand, \$11,432 thousand and \$32,933 thousand. Inventory write-downs were reversed as a result of inventory actively being consumed.

b. Construction industry

	September 30, 2021	December 31, 2020	September 30, 2020
Construction under development	\$ 1,434,662	\$ 2,725,435	\$ 2,170,775
Construction to be sold	<u>986,188</u>	<u>409,141</u>	<u>424,575</u>
	<u>\$ 2,420,850</u>	<u>\$ 3,134,576</u>	<u>\$ 2,595,350</u>

Construction under development

Location	Project Name	Estimated Year of Completion	September 30, 2021	December 31, 2020	September 30, 2020
Xishan District, Wuxi	Paiho International	2021			
	Mansion - Season Two		\$ -	\$ 1,843,081	\$ 1,492,399
	Paiho Commercial Plaza	2022	<u>1,434,662</u>	<u>882,354</u>	<u>678,376</u>
			<u>\$ 1,434,662</u>	<u>\$ 2,725,435</u>	<u>\$ 2,170,775</u>

Construction to be sold

Location	Project Name	September 30, 2021	December 31, 2020	September 30, 2020
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 327,982	\$ 409,141	\$ 424,575
	Paiho International Mansion - Season Two	<u>658,206</u>	<u>-</u>	<u>-</u>
		<u>\$ 986,188</u>	<u>\$ 409,141</u>	<u>\$ 424,575</u>

The cost of inventories recognized as cost of real estate sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 was \$145,065 thousand, \$45,592 thousand, \$2,049,167 thousand and \$1,034,357 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 2020
The Corporation	Hong Kong Antex Limited	International investment	100	100	100
	Pai Lon International Trading Limited	International trading	100	100	100
	Hon Shin Corp.	International investment and trading	100	100	100
	Taiwan Pai Lon Biotechnology Co., Ltd (Note)	Production and sales of masks and non-woven products	100	100	100
Hong Kong Antex Limited	Wuxi Paiho Textile Co., Limited	Processing of touch fastener, webbing and embroidery	93	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	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	66
Wuxi Paiho Textile Co., Limited	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.	100	100	100
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven products	100	100	100
Hon Shin Corp.	Vietnam Paihong Limited Company	Production & marketing of mesh and other fabrics.	100	100	100

Note : Taiwan Pai Lon Biotechnology Co., Ltd was set up in September, 2020. The Corporation's board of directors decided to dissolve and liquidate Taiwan Pai Lon Biotechnology Co., Ltd on May 7, 2021, finished the registration of the dissolution with the document received on June 7, 2021, and finished the liquidation on October 8, 2021.

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 Nine Months Ended September 30, 2021					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Buildings	\$ 3,159,988	\$ 3,693	\$ (9,202)	\$ 8,228	\$ (62,553)	\$ 3,100,154
Machinery and equipment	4,914,308	134,741	(31,790)	105,438	(97,794)	5,024,903
Transportation equipment	146,225	8,259	(19,229)	-	(2,684)	132,571
Miscellaneous equipment	537,340	27,807	(17,059)	(5,642)	(9,350)	533,096
Construction in progress	239,119	95,154	-	(6,844)	(4,613)	322,816
	<u>8,996,980</u>	<u>\$ 269,654</u>	<u>\$ (77,280)</u>	<u>\$ 101,180</u>	<u>\$ (176,994)</u>	<u>9,113,540</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	863,020	\$ 86,573	\$ (9,201)	\$ -	\$ (15,243)	925,149
Machinery and equipment	1,715,113	302,080	(23,553)	2,317	(41,337)	1,954,620
Transportation equipment	77,363	8,694	(17,992)	-	(1,316)	66,749
Miscellaneous equipment	399,431	43,965	(14,541)	(2,317)	(6,966)	419,572
	<u>3,054,927</u>	<u>\$ 441,312</u>	<u>\$ (65,287)</u>	<u>\$ -</u>	<u>\$ (64,862)</u>	<u>3,366,090</u>
	<u>\$ 5,942,053</u>					<u>\$ 5,747,450</u>
For the Nine Months Ended September 30, 2020						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Buildings	\$ 2,630,007	\$ -	\$ (13,055)	\$ 8,914	\$ (49,365)	\$ 2,576,501
Machinery and equipment	4,767,931	33,622	(22,598)	258,563	(99,368)	4,938,150
Transportation equipment	150,812	3,986	(6,932)	3,216	(2,623)	148,459
Miscellaneous equipment	498,154	23,297	(5,125)	(8,727)	(5,573)	502,026
Construction in progress	602,585	152,175	-	(6,811)	(17,215)	730,734
	<u>8,649,489</u>	<u>\$ 213,080</u>	<u>\$ (47,710)</u>	<u>\$ 255,155</u>	<u>\$ (174,144)</u>	<u>8,895,870</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	746,611	\$ 76,742	\$ (2,553)	\$ 4,936	\$ (7,179)	818,557
Machinery and equipment	1,346,945	300,682	(17,832)	-	(19,134)	1,610,661
Transportation equipment	69,962	11,074	(5,589)	1,181	(958)	75,670
Miscellaneous equipment	347,436	41,900	(4,725)	(4,643)	(3,355)	376,613
	<u>2,510,954</u>	<u>\$ 430,398</u>	<u>\$ (30,699)</u>	<u>\$ 1,474</u>	<u>\$ (30,626)</u>	<u>2,881,501</u>
	<u>\$ 6,138,535</u>					<u>\$ 6,014,369</u>

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

Buildings and improvements	5-40 years
Machinery and equipment	2-15 years
Transportation equipment	2-11 years
Miscellaneous equipment	3-11 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020	
<u>Carrying amounts</u>				
Land	\$ 876,915	\$ 911,701	\$ 925,725	
Buildings	3,400	7,903	9,150	
Transportation equipment	<u>1,760</u>	<u>2,410</u>	<u>2,551</u>	
	<u>\$ 882,075</u>	<u>\$ 922,014</u>	<u>\$ 937,426</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Depreciation charge for right-of-use assets				
Land	\$ 5,307	\$ 5,485	\$ 16,046	\$ 16,619
Buildings	1,455	1,435	4,403	4,325
Transportation equipment	<u>203</u>	<u>603</u>	<u>614</u>	<u>603</u>
	<u>\$ 6,965</u>	<u>\$ 7,523</u>	<u>\$ 21,063</u>	<u>\$ 21,547</u>

Except for the aforementioned recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 4,509</u>	<u>\$ 7,109</u>	<u>\$ 6,865</u>
Non-current	<u>\$ 1,000</u>	<u>\$ 3,800</u>	<u>\$ 5,463</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	3.85%	3.85%	3.85%
Transportation equipment	3.85%	3.85%	3.85%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ <u>2,402</u>	\$ <u>2,754</u>	\$ <u>8,171</u>	\$ <u>9,178</u>
Total cash outflow for leases			\$ <u>(13,975)</u>	\$ <u>(13,788)</u>

14. GOODWILL

	For the Nine Months Ended September 30	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 44,899	\$ 47,031
Effect of foreign currency exchange differences	<u>(1,196)</u>	<u>(1,164)</u>
Balance at September 30	\$ <u>43,703</u>	\$ <u>45,867</u>

15. OTHER ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Tax overpayment for offset with future tax payable	\$ 175,574	\$ 317,543	\$ 131,703
Prepayments	83,959	38,955	21,193
Prepaid expenses	22,498	21,135	39,307
Others	<u>19,415</u>	<u>89,862</u>	<u>168,261</u>
	\$ <u>301,446</u>	\$ <u>467,495</u>	\$ <u>360,464</u>
<u>Non-current</u>			
Refundable deposits	\$ 22,801	\$ 8,982	\$ 9,639
Others	<u>11,314</u>	<u>11,674</u>	<u>3,560</u>
	\$ <u>34,115</u>	\$ <u>20,656</u>	\$ <u>13,199</u>

16. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ <u>3,063,195</u>	\$ <u>2,378,080</u>	\$ <u>4,452,300</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	0.71-1.90	1.15-2.95	0.91-2.95

b. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings - due in January 2022 - August 2026	\$ 3,768,696	\$ 4,917,928	\$ 3,026,825
Less: Current portion	<u>(238,118)</u>	<u>(399,432)</u>	<u>(797,340)</u>
Long-term borrowings	\$ <u>3,530,578</u>	\$ <u>4,518,496</u>	\$ <u>2,229,485</u>
<u>Rate of interest per annum (%)</u>			
Unsecured loans	1.04-1.63	1.32-1.75	1.15-1.54

In order to repay the loans, support overseas investment and provide sufficient operation funds, the Corporation obtained a syndicated loan with a credit line of US\$220 million from KGI Commercial Bank and multiple financial institutions in July 2021. 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 200%;
- 3) Interest coverage ratio [profit before income tax plus interest expense, depreciation and amortization amount ÷ interest expense] not less than 3 times and;
- 4) Tangible net assets [total equity minus intangible assets] not less than \$3.5 billion.

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

17. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Payables for salaries and bonuses	\$ 412,807	\$ 408,469	\$ 380,589
Payables for compensation of employees and directors	27,074	12,961	12,109
Payables for purchases of building and equipment	43,071	21,522	19,977
Tax payable	12,849	21,817	20,543
Others	<u>160,034</u>	<u>224,871</u>	<u>292,313</u>
	<u>\$ 655,835</u>	<u>\$ 689,640</u>	<u>\$ 725,531</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the pension expenses of defined benefit plans were \$3,713 thousand, \$3,620 thousand, \$11,138 thousand and \$10,861 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019 for 2021 and 2020, respectively.

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 Year	More Than 1 Year	Total
<u>September 30, 2021</u>			
Assets			
Trade receivables	\$ 732	\$ -	\$ 732
Other receivables	4,297	-	4,297
Inventory - constructing	986,188	1,434,662	2,420,850
Other current assets	<u>76,456</u>	<u>-</u>	<u>76,456</u>
	<u>\$ 1,067,673</u>	<u>\$ 1,434,662</u>	<u>\$ 2,502,335</u>
Liabilities			
Accounts payable	\$ 452,292	\$ -	\$ 452,292
Other payables	58,144	-	58,144
Contract liabilities	<u>237,531</u>	<u>-</u>	<u>237,531</u>
	<u>\$ 747,967</u>	<u>\$ -</u>	<u>\$ 747,967</u>

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2020</u>			
Assets			
Other receivables	\$ 7,103	\$ -	\$ 7,103
Inventory - constructing	2,252,222	882,354	3,134,576
Other current assets	<u>183,234</u>	<u>-</u>	<u>183,234</u>
	<u>\$ 2,442,559</u>	<u>\$ 882,354</u>	<u>\$ 3,324,913</u>
Liabilities			
Accounts payable	\$ 112,180	\$ -	\$ 112,180
Other payables	89,267	-	89,267
Contract liabilities	<u>3,238,327</u>	<u>-</u>	<u>3,238,327</u>
	<u>\$ 3,439,774</u>	<u>\$ -</u>	<u>\$ 3,439,774</u>
<u>September 30, 2020</u>			
Assets			
Other receivables	\$ 6,353	\$ -	\$ 6,353
Inventory - constructing	1,916,974	678,376	2,595,350
Other current assets	<u>241,394</u>	<u>-</u>	<u>241,394</u>
	<u>\$ 2,164,721</u>	<u>\$ 678,376</u>	<u>\$ 2,843,097</u>
Liabilities			
Accounts payable	\$ 167,451	\$ -	\$ 167,451
Other payables	136,619	-	136,619
Contract liabilities	<u>2,416,102</u>	<u>-</u>	<u>2,416,102</u>
	<u>\$ 2,720,172</u>	<u>\$ -</u>	<u>\$ 2,720,172</u>

20. EQUITY

a. Common stock

	September 30, 2021	December 31, 2020	September 30, 2020
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>315,178</u>	<u>315,178</u>	<u>315,178</u>
Shares issued	<u>\$ 3,151,781</u>	<u>\$ 3,151,781</u>	<u>\$ 3,151,781</u>

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

b. Capital surplus

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

c. Retained earnings and dividends policy

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

The Corporation's policy is to distribute dividends to shareholders in the form of stock dividends and cash dividends after taking into consideration the needs for future capital expenditure and operating capital demand. The distribution amount of surplus will make up the loss at not less than the current post-tax surplus, and the deduction which is based on the surplus reserve of the 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 (c) Employees' compensation and directors' compensation.

The appropriations of earnings for 2020 and 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2020	2019
Special reserve	\$ (258,258)	\$ 198,995
Cash dividends	\$ 315,178	\$ 189,107
Cash dividends per share (NT\$)	\$ 1	\$ 0.6

The above 2020 and 2019 appropriations for cash dividends had been resolved by the Corporation's board of directors on March 24, 2021 and March 19, 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on July 7, 2021, and June 9, 2020, respectively.

21. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sale of goods	\$ 1,652,764	\$ 1,297,422	\$ 4,845,809	\$ 3,423,353
Revenue from sale of real estate	<u>207,404</u>	<u>70,907</u>	<u>3,322,672</u>	<u>1,710,651</u>
	<u>\$ 1,860,168</u>	<u>\$ 1,368,329</u>	<u>\$ 8,168,481</u>	<u>\$ 5,134,004</u>
Operating cost				
Cost of goods sold	\$ 1,098,879	\$ 831,228	\$ 3,028,154	\$ 2,225,181
Cost of real estate sold	<u>145,065</u>	<u>45,592</u>	<u>2,049,167</u>	<u>1,034,357</u>
	<u>\$ 1,243,944</u>	<u>\$ 876,820</u>	<u>\$ 5,077,321</u>	<u>\$ 3,259,538</u>
<u>Contract balances</u>				
		September 30, 2021	December 31, 2020	September 30, 2020
Contract liabilities - current				
Sales of real estate		<u>\$ 237,531</u>	<u>\$ 3,238,327</u>	<u>\$ 2,416,102</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 27,791	\$ 25,091	\$ 79,783	\$ 111,768
Interest on lease liabilities	<u>64</u>	<u>186</u>	<u>245</u>	<u>433</u>
	<u>\$ 27,855</u>	<u>\$ 25,277</u>	<u>\$ 80,028</u>	<u>\$ 112,201</u>

Information about capitalized interest:

	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30 2020
Capitalized interest	\$ 2,970	\$ 12,423
Capitalization rates (%)	1.27-2.10	1.27-3.42

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended September 30, 2021</u>			
Short-term employee benefits	\$ 217,856	\$ 209,113	\$ 426,969
Post-employment benefits			
Defined contribution plans	14,473	6,804	21,277
Defined benefit plans (Note 18)	-	3,713	3,713
Other employee benefits	20,944	11,032	31,976
Depreciation expenses	119,229	34,553	153,782
Amortization expenses	-	5	5
<u>For the Three Months Ended September 30, 2020</u>			
Short-term employee benefits	191,312	171,864	363,176
Post-employment benefits			
Defined contribution plans	10,841	6,992	17,833
Defined benefit plans (Note 18)	-	3,620	3,620
Other employee benefits	16,724	10,914	27,638
Depreciation expenses	110,267	40,390	150,657
Amortization expenses	-	28	28
<u>For the Nine Months Ended September 30, 2021</u>			
Short-term employee benefits	616,167	653,956	1,270,123
Post-employment benefits			
Defined contribution plans	39,230	20,048	59,278
Defined benefit plans (Note 18)	-	11,138	11,138
Other employee benefits	55,139	29,418	84,557
Depreciation expenses	353,712	108,663	462,375
Amortization expenses	-	15	15
<u>For the Nine Months Ended September 30, 2020</u>			
Short-term employee benefits	583,434	504,329	1,087,763
Post-employment benefits			
Defined contribution plans	24,121	14,523	38,644
Defined benefit plans (Note 18)	-	10,861	10,861
Other employee benefits	47,618	27,696	75,314
Depreciation expenses	330,958	120,987	451,945
Amortization expenses	-	38	38

c. 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 three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the employees' compensation and the remuneration of directors were as follows:

Accrual rate	For the Nine Months Ended September 30	
	2021	2020
Employees' compensation	1.12%	1.42%
Remuneration of directors	0.86%	0.83%

Amount	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Employees' compensation (US Dollars)	<u>\$ 65,000</u>	<u>\$ 80,000</u>	<u>\$ 447,000</u>	<u>\$ 185,226</u>
Remuneration of directors (US Dollars)	<u>\$ 35,000</u>	<u>\$ 40,000</u>	<u>\$ 342,000</u>	<u>\$ 108,405</u>

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

The actual amounts of the employees' compensation and remuneration of directors and supervisors paid for March 24, 2021 and March 19, 2020 differed from the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2021 and 2020, respectively.

	For the Year Ended December 31			
	2020 (US Dollars)		2019 (US Dollars)	
	Employees' Compensation	Remuneration of Directors and Supervisors	Employees' Compensation	Remuneration of Directors and Supervisors
Amounts resolved in the board of directors' meetings	<u>\$ 183,149</u>	<u>\$ 149,438</u>	<u>\$ 122,516</u>	<u>\$ 99,965</u>
Amounts recognized in the financial statements	<u>\$ 195,226</u>	<u>\$ 153,390</u>	<u>\$ 131,742</u>	<u>\$ 100,370</u>

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the TWSE.

d. Gains or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ 23,816	\$ 9,656	\$ 74,496	\$ 52,960
Foreign exchange losses	<u>(12,638)</u>	<u>(26,336)</u>	<u>(74,691)</u>	<u>(72,088)</u>
Net gains (losses)	<u>\$ 11,178</u>	<u>\$ (16,680)</u>	<u>\$ (195)</u>	<u>\$ (19,128)</u>

23. TAXES

Major components of tax expense recognized in profit or loss:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 34,257	\$ 10,125	\$ 316,059	\$ 219,700
Adjustments for prior years	57	(2,459)	(12,775)	(12,800)
Land value increment tax	<u>8,469</u>	<u>1,447</u>	<u>184,259</u>	<u>34,856</u>
	42,783	9,113	487,543	241,756
Deferred tax				
In respect of the current period	<u>33,190</u>	<u>67,761</u>	<u>189,896</u>	<u>134,970</u>
Income tax expense recognized in profit or loss	<u>\$ 75,973</u>	<u>\$ 76,874</u>	<u>\$ 677,439</u>	<u>\$ 376,726</u>

24. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended September 30, 2021</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 140,899	315,178	<u>\$0.44</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>336</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 140,899</u>	<u>315,514</u>	<u>\$0.44</u>
<u>For the Three Months Ended September 30, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 69,783	315,178	<u>\$0.22</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>191</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 69,783</u>	<u>315,369</u>	<u>\$0.22</u>

	Net profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Nine Months Ended September 30, 2021</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 1,082,090	315,178	<u>\$3.43</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	_____ -	_____ 390	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 1,082,090</u>	<u>315,568</u>	<u>\$3.43</u>
<u>For the Nine Months Ended September 30, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 374,402	315,178	<u>\$1.19</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	_____ -	_____ 229	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 374,402</u>	<u>315,407</u>	<u>\$1.19</u>

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

25. FINANCIAL INSTRUMENTS

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

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

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group's financial assets at FVTPL are measured at Level 2 fair value.

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2021.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Structured deposits	Discounted cash flow: Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ 463,871	\$ 984,673
Financial assets at amortized cost (1)	5,243,026	6,239,513	5,344,724
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	8,309,346	8,478,103	8,686,105

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

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 number below indicates a 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 Nine Months Ended September 30	
	2021	2020
USD	\$ 6,895	\$ 5,091
HKD	218	322

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.

b) Interest rate risk

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Short-term borrowings	\$ 963,610	\$ 455,680	\$ 1,222,200
Lease liabilities	5,509	10,909	12,328
Cash flow interest rate risk			
Short-term borrowings	2,099,585	1,922,400	3,230,100
Long-term borrowings	3,768,696	4,917,928	3,026,825

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 nine months ended September 30, 2021 and 2020 would have decreased/increased by \$11,003 thousand and \$11,732 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 fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had available unutilized bank loan facilities of \$7,468,029 thousand, \$5,065,260 thousand and \$4,904,090 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
<u>September 30, 2021</u>			
Non-interest bearing	\$ 1,309,592	\$ 153,393	\$ 14,470
Lease liabilities	1,820	2,792	1,024
Short-term bank loan	1,447,895	1,615,300	-
Long-term bank loan	<u>-</u>	<u>238,118</u>	<u>3,530,578</u>
	<u>\$ 2,759,307</u>	<u>\$ 2,009,603</u>	<u>\$ 3,546,072</u>

	Less Than 3 months	3 months - 1 Year	Over 1 Year
<u>December 31, 2020</u>			
Non-interest bearing Lease liabilities	\$ 1,064,443	\$ 103,757	\$ 13,895
Short-term bank loan	1,851	5,553	3,881
Long-term bank loan	1,181,920	1,196,160	-
	<u>-</u>	<u>399,432</u>	<u>4,518,496</u>
	<u>\$ 2,248,214</u>	<u>\$ 1,704,902</u>	<u>\$ 4,536,272</u>
<u>September 30, 2020</u>			
Non-interest bearing Lease liabilities	\$ 968,076	\$ 223,898	\$ 15,006
Short-term bank loan	1,805	5,414	5,589
Long-term bank loan	2,939,100	1,513,200	-
	<u>37,830</u>	<u>759,510</u>	<u>2,229,485</u>
	<u>\$ 3,946,811</u>	<u>\$ 2,502,022</u>	<u>\$ 2,250,080</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
<u>September 30, 2021</u>		
Lease liabilities	<u>\$ 4,612</u>	<u>\$ 1,024</u>
<u>December 31, 2020</u>		
Lease liabilities	<u>\$ 7,404</u>	<u>\$ 3,881</u>
<u>September 30, 2020</u>		
Lease liabilities	<u>\$ 7,219</u>	<u>\$ 5,589</u>

26. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is Paiho Int'l Limited, which held 52% of the ordinary shares of the Corporation at September 30, 2021, December 31, 2020 and September 30, 2020. 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.

a. Related Party Categories / Names

<u>Related Party</u>	<u>Related Party Category</u>
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
China Star International Limited	Sister corporation
Ming-Chang Chiang	Others

b. Sales of goods

Line Item	Related Party Category/Name	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		2021	2020	2021	2020
Sales	Taiwan Paiho Limited	\$ 12	\$ 138	\$ 80	\$ 13,212
	Sister corporation	32,246	13,004	118,453	97,305
	Others	<u>-</u>	<u>13,233</u>	<u>-</u>	<u>13,233</u>
		<u>\$ 32,258</u>	<u>\$ 26,375</u>	<u>\$ 118,533</u>	<u>\$ 123,750</u>

The sales of goods to related parties were made at the market price. The credit period of sales of goods was about 3 months. Others refer to sale of construction assets - Paiho International Mansion at subscription price, which was approved in the local filing.

c. Purchases of goods

Related Party Category/Name	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Taiwan Paiho Limited	\$ 84,453	\$ 61,469	\$ 297,425	\$ 176,927
Sister corporation	<u>2</u>	<u>-</u>	<u>75</u>	<u>1,047</u>
	<u>\$ 84,455</u>	<u>\$ 61,469</u>	<u>\$ 297,500</u>	<u>\$ 177,974</u>

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

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

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Trade receivables	Taiwan Paiho Limited	\$ 12	\$ -	\$ -
	Sister corporation			
	Paiho North America Corp.	10,959	9,573	19,098
	Vietnam Paiho Limited	2,395	4,009	1,880
	PT. Paiho Indonesia	<u>9,206</u>	<u>7,039</u>	<u>1,320</u>
		<u>\$ 22,572</u>	<u>\$ 20,621</u>	<u>\$ 22,298</u>

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

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Trade payables	Taiwan Paiho Limited Sister corporation	\$ 80,910 <u>4</u>	\$ 86,532 <u>-</u>	\$ 45,478 <u>-</u>
		<u>\$ 80,914</u>	<u>\$ 86,532</u>	<u>\$ 45,478</u>
Other payables	Taiwan Paiho Limited Sister corporation	\$ 876 <u>3,222</u>	\$ 12 <u>2,680</u>	\$ - <u>2,522</u>
		<u>\$ 4,098</u>	<u>\$ 2,692</u>	<u>\$ 2,522</u>

f. Acquisition of property, plant and equipment

	Purchase Price	
	For the Nine Months Ended September 30	
	2021	2020
Taiwan Paiho Limited	\$ <u>-</u>	\$ <u>2,172</u>

g. Lease arrangements

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Lease expenses</u>				
Taiwan Paiho Limited	\$ 35	\$ 32	\$ 100	\$ 95
Sister corporation	<u>1,206</u>	<u>1,434</u>	<u>3,646</u>	<u>3,228</u>
	<u>\$ 1,241</u>	<u>\$ 1,466</u>	<u>\$ 3,746</u>	<u>\$ 3,323</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Future lease payables	\$ <u>1,330</u>	\$ <u>4,606</u>	\$ <u>1,191</u>

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

h. Others

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Other income	Taiwan Paiho Limited Sister corporation	\$ -	\$ 895	\$ 1,565	\$ 895
		<u>155</u>	<u>894</u>	<u>166</u>	<u>900</u>
		<u>\$ 155</u>	<u>\$ 1,789</u>	<u>\$ 1,731</u>	<u>\$ 1,795</u>

i. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 17,820	\$ 11,429	\$ 83,637	\$ 44,946
Post-employment benefits	<u>436</u>	<u>656</u>	<u>1,325</u>	<u>1,369</u>
	<u>\$ 18,256</u>	<u>\$ 12,085</u>	<u>\$ 84,962</u>	<u>\$ 46,315</u>

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantee for obligations to a power company:

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at amortized cost	<u>\$ 9,343</u>	<u>\$ 7,298</u>	<u>\$ 7,352</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group at September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

a. Group's unrecognized commitments

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisition of property, plant and equipment	<u>\$ 262,564</u>	<u>\$ 78,184</u>	<u>\$ 86,280</u>

b. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had signed construction contracts but not yet paid for approximately \$1,062,772 thousand, \$1,323,104 thousand and \$1,681,682 thousand, respectively.

- c. As of September 30, 2021, the Group had signed contracts of presold real estate. Information is set out below.

<u>Construction Name</u>	Total Amount (Including tax)	Received Amount
Paiho International Mansion	\$ <u>515,274</u>	\$ <u>237,531</u>

- d. After approval of a resolution at the extraordinary general meeting of shareholders on September 3, 2010, the Corporation and Paiho Shih Holdings Corporation signed an agreement on “Comprehensive Agreement on the Use of Trademarks and Patent Rights, Sales Area Division and Affiliates Transactions”.

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

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

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

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

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On October 28, 2021, the Corporation’s extraordinary general meeting approved its subsidiary, Wuxi Paiho Textile Co., Ltd., to make an initial public offering of RMB Common Stocks shares and apply for listing on the China Stock Exchange.

30. 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 were as follows:

	September 30, 2021			December 31, 2020		
	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 25,187	6.4854 (Note 2)	\$ 703,208	\$ 15,568	6.5249 (Note 2)	\$ 444,626
HKD	6,636	3.576	23,731	10,592	3.674	38,915
<u>Financial liabilities</u>						
Monetary items						
USD	490	6.4854 (Note 2)	13,670	3,164	6.5249 (Note 2)	90,353
HKD	541	3.576	1,934	1,216	3.674	4,469
<u>September 30, 2020</u>						
	Foreign Currencies	Exchange Rate (Note 1)	Carrying Amount			
<u>Financial assets</u>						
Monetary items						
USD	\$ 17,583	6.8101 (Note 2)	\$ 511,181			
HKD	8,966	3.7540	33,656			
<u>Financial liabilities</u>						
Monetary items						
USD	72	6.8101 (Note 2)	2,105			
HKD	391	3.7540	1,467			

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:

Foreign Currencies	For the Three Months Ended September 30, 2021		For the Three Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.305 (RMB:NTD)	\$ 7,778	4.257 (RMB:NTD)	\$ (15,017)
HKD	3.581 (HKD:NTD)	2,350	3.799 (HKD:NTD)	129
USD	27.858 (USD:NTD)	<u>1,050</u>	29.450 (USD:NTD)	<u>(1,792)</u>
		<u>\$ 11,178</u>		<u>\$ (16,680)</u>

Foreign Currencies	For the Nine Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain and Loss	Exchange Rate	Net Foreign Exchange Gain and Loss
RMB	4.337 (RMB:NTD)	\$ 8,768	4.260 (RMB:NTD)	\$ (9,417)
HKD	3.613 (HKD:NTD)	(1,463)	3.843 (HKD:NTD)	(1,027)
USD	28.067 (USD:NTD)	<u>(7,500)</u>	29.817 (USD:NTD)	<u>(8,684)</u>
		<u>\$ (195)</u>		<u>\$ (19,128)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (None)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (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)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 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)
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

32. SEGMENT INFORMATION

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

a. Segment revenues and results

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

	For the Nine Months Ended September 30			
	Segment Revenue		Segment Profit	
	2021	2020	2021	2020
Production	\$ 4,845,809	\$ 3,423,353	\$ 693,973	\$ 286,103
Construction	<u>3,322,672</u>	<u>1,710,651</u>	<u>1,147,108</u>	<u>587,902</u>
Total from continuing operations	<u>\$ 8,168,481</u>	<u>\$ 5,134,004</u>	1,841,081	874,005
Interest income			63,904	46,904
Other income and benefits			53,288	26,938
Finance costs			(80,028)	(112,201)
Other expenses and losses			<u>(26,214)</u>	<u>(19,197)</u>
Profit before income tax			<u>\$ 1,852,031</u>	<u>\$ 816,449</u>

Segment profit represented the profit before tax earned by each segment without interest income, subsidy revenue, net gain and loss on disposal of property, plant and equipment, net foreign exchange gain or loss, 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.

b. Total segment assets and liabilities

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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 (Notes 1, 2 and 3)	Aggregate Financing Limits (Notes 1, 2 and 3)
													Item	Value		
0	The Corporation	Hon Shin Corp.	Receivables from related parties	Yes	\$ 142,550 (USD 5,000)	\$ -	\$ -	3-month USD Libor rate, plus 1.28%	Necessary for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,409,422	\$ 2,409,422
		Vietnam Paihong Limited Company	Receivables from related parties	Yes	1,603,863 (USD 55,500)	779,800 (USD 28,000)	779,800 (USD 28,000)	3-month USD Libor rate, plus 1.28%	Necessary for short-term financing	-	Operating capital	-	-	-	2,409,422	2,409,422
1	Wuxi Paiho Textile Co. Limited	Wuxi Paiwei Biotechnology Co. Ltd.	Receivables from related parties	Yes	215,970 (RMB 50,000)	172,200 (RMB 40,000)	172,200 (RMB 40,000)	4.35%	Necessary for short-term financing	-	Operating capital	-	-	-	1,422,950	2,845,899
2	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivables from related parties	Yes	674,500 (USD 22,338)	173,366 (USD 6,225)	173,366 (USD 6,225)	3-month USD Libor rate, plus 1.28% and 2.25%	Necessary for long-term and short-term financing	-	Operating capital	-	-	-	958,154	958,154

Note 1: For borrowers with paid-in capital directly or indirectly owned over 50% by the Corporation, the individual amount for lending to a borrower shall not exceed the 20% of the 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 of lending to companies whose voting shares are 100% owned, directly or indirectly, by the Corporation shall not exceed 40% of the net worth of lender.

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

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

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

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

Note 7: 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 NINE MONTHS ENDED SEPTEMBER 30, 2021
(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	\$ 6,023,555	\$ 3,232,955 (USD 113,000)	\$ 2,395,100 (USD 86,000)	\$ 515,225 (USD 18,500)	\$ -	39.76%	\$ 9,035,333	Yes	-	-
		Vietnam Paihong Limited Company	Note 1	6,023,555	3,984,536 (USD 139,050)	3,712,405 (USD 133,300)	2,442,140 (USD 87,690)	-	61.63%	9,035,333	Yes	-	-
1	Hon Shin Corp.	Vietnam Paihong Limited Company	Note 1	958,154	60,160 (USD 2,000)	-	-	-	-	1,437,231	Yes	-	-

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

Note 2: The amount to individual subsidiaries holding a ratio of more than 50% shall be limited to the net worth of the Corporation and Hon Shin Corp., and the total amount shall not exceed guarantee limit.

Note 3: The total amount of the guarantee to individual subsidiaries holding a ratio of more than 50% 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.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Number of Shares	Amount
The Corporation	Stock	Investments accounted for using equity method	Hon Shin Corp	Subsidiaries	95,000,000	\$ 1,094,697 (Note 2)	35,000,000	\$ 973,350	-	\$ -	\$ -	\$ -	130,000,000	\$ 1,793,814 (Notes 2 and 3)
Hon Shin Corp.	Equity	Investments accounted for using equity method	Vietnam Paihong Limited Company	Subsidiaries	-	1,340,708 (Note 2)	-	973,350	-	-	-	-	-	2,062,842 (Notes 2 and 3)
	<u>Financial products</u>													
Wuxi Paiho Textile Co., Limited	Fubon Bank (China) - The RMB Structured deposit of YUE-SHANG-YING (capital guaranteed)	Financial assets at fair value through profit or loss - current	-	-	-	-	-	932,264 (RMB 216,550)	-	932,264 (RMB 216,550)	932,264 (RMB 216,550)	-	-	-
	<u>Financial products</u>													
Dongguan Paihong Industry Co., Ltd.	Bank Sino Pac (China) - The RMB Structured deposit (capital guaranteed)	Financial assets at fair value through profit or loss - current	-	-	-	193,728 (RMB 45,000)	-	187,357 (RMB 43,520)	-	381,085 (RMB 88,520)	381,085 (RMB 88,520)	-	-	-

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

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars or Foreign Currency)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Wuxi Paihong Real Estate Co., Ltd.	Construction in progress	2021.09.08	RMB 90,000	As of September 30, 2021, RMB 9,000 has been paid	China Construction Dongfang Decoration Co., Ltd.	-	-	-	-	\$ -	Refer to market price and set out by mutual agreement	Operating purpose	-

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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	
Wuxi Paiho Textile Co., Limited	Taiwan Paiho Limited	Note 2	Purchase	\$ 148,135 (RMB 34,327)	21%	About 3 months	Use market price or purchase cost plus 15% of Taiwan Paiho Limited	About 3 months	\$ 43,209 (RMB 10,037)	(24%)	-
	Dongguan Paihong Industry Co., Ltd. (Note 3)	Note 1	Sale	158,086 (RMB 36,448)	(9%)	About 3 months	Use market price	About 3 months	80,529 (RMB 18,706)	14%	-
Dongguan Paihong Industry Co., Ltd.	Taiwan Paiho Limited	Note 2	Purchase	149,290 (RMB 34,643)	6%	About 3 months	Use market price or purchase cost plus 15% of Taiwan Paiho Limited	About 3 months	37,701 (RMB 8,757)	(15%)	-
Vietnam Paihong Limited Company	Hon Shin Corp. (Note 3)	Note 1	Sale	318,836 (USD 11,360)	(73%)	About 3 months	Use market price	About 3 months	82,364 (USD 2,957)	86%	-

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

Note 2: See Note 26 to the consolidated financial statements.

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2021

(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	\$ 780,568 (USD 28,028)	-	\$ -	-	\$ - (USD -)	\$ -
Wuxi Paiho Textile Co. Limited	Wuxi Paiwei Biotechnology Co., Ltd.	Note 2	177,492 (RMB 41,229)	-	-	-	2,307 (RMB 536)	-
Hon Shin Corp.	Vietnam Paihong Limited Company	Note 2	173,763 (USD 6,239)	5.70	-	-	10,750 (USD 386)	-

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.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of Foreign Currency)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account (Note 2)	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Vietnam Paihong Limited Company	1	Receivables - related parties	USD 28,000	-	5
		Hon Shin Corp.	1	Other revenue	USD 1,800	-	1
1	Wuxi Paiho Textile Co. Limited	Dongguan Paihong Industry Co., Ltd.	1	Trade receivables	RMB 18,706	About 3 months	1
		Dongguan Paihong Industry Co., Ltd.	1	Sales	RMB 39,535	About 3 months	2
		Wuxi Paiwei Biotechnology Co., Ltd.	1	Receivables - related parties	RMB 40,000	-	1
2	Hon Shin Corp.	Vietnam Paihong Limited Company	1	Receivables - related parties	USD 6,225	-	1
		Vietnam Paihong Limited Company	1	Trade payables	USD 2,957	About 3 months	1
		Vietnam Paihong Limited Company	1	Sales	USD 1,776	About 3 months	1
		Vietnam Paihong Limited Company	1	Cost of goods sold	USD 11,360	About 3 months	4

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount (Note 1)			
The Corporation	Hong Kong Antex Limited Pai Lon International Trading Limited	Hong Kong British Virgin Islands	International investments International trade	USD 54,335	USD 54,335	54,334,644	100	\$ 7,611,227	\$ 1,352,122	\$ 1,352,122	Subsidiary
				USD 1,791	USD 1,791	1,500,000	100	(20,928)	63,631	83,260	Subsidiary
Hon Shin Corp.	Hon Shin Corp. Taiwan Pai Lon Biotechnology Co., Ltd.	British Samoa Taiwan	International investments and trade Production & sales of marks and non-woven products	USD 130,000	USD 95,000	130,000,000	100	1,793,814	(252,122)	(252,122)	Subsidiary
				60,000	60,000	6,000,000	100	59,720	(56)	(56)	Subsidiary
Hon Shin Corp.	Vietnam Paihong Limited Company	Binh Duong Province, Vietnam	Production & marketing of mesh and other fabrics	USD 130,000	USD 95,000	-	100	2,062,842	(229,098)	(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 NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 5)	Carrying Amount as of September 30, 2021 (Notes 4 and 5)	Accumulated Repatriation of Investment Income as of September 30, 2021
					Outward	Inward						
Wuxi Paiho Textile Co., Limited	Processing of Touch Fasteners, Webbing and Embroidery	\$ 1,655,670 (RMB 384,592)	(Note 1)	\$ 1,011,930 (USD 36,335)	\$ -	\$ -	\$ 1,011,930 (USD 36,335)	\$ 1,365,788	93	\$ 1,267,642	\$ 6,897,224	\$ 1,763,133 (USD 2,512) (RMB 393,304)
Dongguan Paihong Industry Co., Ltd	Production & Marketing of Touch Fastener, Elastic, Various Type of Webbing and Jacquard Engineered Mesh, And Consumer Electronic Accessories, Etc.	1,537,293 (RMB 357,095)	(Note 1)	501,300 (USD 18,000)	-	-	501,300 (USD 18,000)	644,071	96	613,484	3,058,494	664,417 (RMB 154,336)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,635,900 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	709,920	93	661,626	2,414,545	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	215,250 (RMB 50,000)	(Note 1)	(Note 2)	-	-	(Note 2)	(40,090)	93	(37,363)	170,300	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	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.

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 reviewed 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 OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Paiho Int'l Limited	162,632,396	51.6%
Kuo-Ian Cheng	25,554,482	8.1%

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