

**Paiho Shih Holdings Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Paiho Shih Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Paiho Shih Holdings Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Revenue Recognition

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

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

1. We understood the design and execution of the internal controls over revenue recognition, and sampled and inspected the original purchase orders and delivery orders to verify the reasonableness of the accrual of the sales revenue.
2. We selected sample entries from sales records and checked the entries against the original orders, delivery orders, invoices and receipt vouchers.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2022

Notice to Readers

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,659,615	11	\$ 4,421,184	24
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	463,871	2
Financial assets at amortized cost - current (Notes 4 and 8)	53,923	-	504,067	3
Notes receivable (Notes 4 and 9)	7,110	-	13,004	-
Trade receivables (Notes 4 and 9)	1,466,432	10	1,132,954	6
Trade receivables - related parties (Notes 4, 9 and 28)	20,583	-	20,621	-
Other receivables	115,411	1	118,496	1
Inventories - manufacturing (Notes 4 and 10)	1,263,690	8	1,011,580	5
Inventories - constructing (Notes 4 and 10)	2,756,659	18	3,134,576	17
Other current assets (Note 15)	462,050	3	467,495	3
Total current assets	7,805,473	51	11,287,848	61
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 29)	19,470	-	20,205	-
Property, plant and equipment (Notes 4, 12 and 28)	5,802,130	38	5,942,053	32
Right-of-use assets (Notes 4 and 13)	882,577	6	922,014	5
Goodwill (Notes 4 and 14)	125,003	1	44,899	-
Other intangible assets (Note 4)	33	-	54	-
Deferred tax assets (Notes 4 and 23)	126,612	1	103,768	1
Prepayments for machinery and equipment	405,602	3	164,669	1
Other non-current assets (Note 15)	41,333	-	20,656	-
Total non-current assets	7,402,760	49	7,218,318	39
TOTAL	\$ 15,208,233	100	\$ 18,506,166	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,777,536	12	\$ 2,378,080	13
Contract liabilities - current (Notes 4 and 21)	990,613	7	3,238,327	18
Trade payables	658,835	4	392,028	2
Trade payable - related parties (Note 28)	136,197	1	86,532	-
Other payables (Notes 17 and 28)	780,551	5	689,640	4
Current tax liabilities (Notes 4 and 23)	225,608	1	150,708	1
Lease liabilities - current (Notes 4 and 13)	7,882	-	7,109	-
Current portion of long-term borrowings (Note 16)	387,520	3	399,432	2
Other current liabilities	45,823	-	59,564	-
Total current liabilities	5,010,565	33	7,401,420	40
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	3,607,124	24	4,518,496	24
Deferred tax liabilities (Notes 4 and 23)	422,483	3	397,468	2
Lease liabilities - non-current (Notes 4 and 13)	5,007	-	3,800	-
Deferred revenue - non-current (Note 4)	84,498	-	87,849	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	139,481	1	135,524	1
Guarantee deposits received	10,491	-	13,895	-
Total non-current liabilities	4,269,084	28	5,157,032	28
Total liabilities	9,279,649	61	12,558,452	68
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	3,151,781	21	3,151,781	17
Capital surplus	456,751	3	461,544	2
Retained earnings				
Special reserve	418,225	2	676,483	4
Unappropriated earnings	2,398,903	16	1,591,644	8
Other equity	(497,668)	(3)	(418,225)	(2)
Total equity attributable to owners of the Corporation	5,927,992	39	5,463,227	29
NON-CONTROLLING INTERESTS				
Total equity	592	-	484,487	3
TOTAL	\$ 15,208,233	100	\$ 18,506,166	100

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
SALES (Notes 4, 21 and 28)	\$ 10,141,094	100	\$ 6,552,677	100
COST OF GOODS SOLD (Notes 4, 10, 21, 22 and 28)	<u>6,344,882</u>	<u>63</u>	<u>4,155,950</u>	<u>64</u>
GROSS PROFIT	<u>3,796,212</u>	<u>37</u>	<u>2,396,727</u>	<u>36</u>
OPERATING EXPENSES (Notes 4, 22 and 28)				
Selling and marketing expenses	739,938	7	571,009	9
General and administrative expenses	554,135	6	370,798	5
Research and development expenses	383,125	4	384,612	6
Expected credit loss (Note 9)	<u>35,833</u>	<u>-</u>	<u>4,111</u>	<u>-</u>
Total operating expenses	<u>1,713,031</u>	<u>17</u>	<u>1,330,530</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>2,083,181</u>	<u>20</u>	<u>1,066,197</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 22 and 28)	106,988	1	34,515	1
Finance costs (Notes 4 and 22)	(104,647)	(1)	(138,055)	(2)
Interest income	73,771	1	70,524	1
Net gain (loss) on disposal of property, plant and equipment (Note 4)	(274)	-	7,901	-
Other expenses	(29,232)	-	(12,806)	-
Net foreign exchange gain (loss) (Notes 4 and 22)	<u>13,553</u>	<u>-</u>	<u>(43,606)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>60,159</u>	<u>1</u>	<u>(81,527)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	2,143,340	21	984,670	15
INCOME TAX EXPENSE (Notes 4 and 23)	<u>810,772</u>	<u>8</u>	<u>401,313</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>1,332,568</u>	<u>13</u>	<u>583,357</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	10,893	-	(15,697)	-
Foreign exchange differences on translation to presentation currency	(168,267)	(1)	(293,670)	(5)

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 133,051	1	\$ 561,107	9
Other comprehensive loss for the year	(24,323)	-	251,740	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,308,245	13	\$ 835,097	13
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,248,644	12	\$ 513,531	8
Non-controlling interests	83,924	1	69,826	1
	<u>\$ 1,332,568</u>	<u>13</u>	<u>\$ 583,357</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,180,094	12	\$ 756,092	12
Non-controlling interests	128,151	1	79,005	1
	<u>\$ 1,308,245</u>	<u>13</u>	<u>\$ 835,097</u>	<u>13</u>
EARNINGS PER SHARE (Note 24)				
Basic	\$ 3.96		\$ 1.63	
Diluted	\$ 3.96		\$ 1.63	

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation								Total Equity
	Capital Surplus (Notes 4, 20 and 25)		Changes in Percentage of Ownership Interest in Subsidiaries	Retained Earnings (Notes 4, 20 and 25)		Other Equity (Note 20)	Total	Non-controlling Interests (Notes 4 and 25)	
	Common Stock (Notes 4 and 20)	Additional Paid-in Capital		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	-	-	-	198,995	(198,995)	-	-	-	-
Special reserve	-	-	-	-	(198,995)	-	(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 year ended December 31, 2020	-	-	-	-	513,531	-	513,531	69,826	583,357
Other comprehensive gain (loss) for the year ended December 31, 2020	-	-	-	-	(15,697)	258,258	242,561	9,179	251,740
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	497,834	258,258	756,092	79,005	835,097
BALANCE AT DECEMBER 31, 2020	3,151,781	456,751	4,793	676,483	1,591,644	(418,225)	5,463,227	484,487	5,947,714
Appropriation of 2020 earnings	-	-	-	(258,258)	258,258	-	-	-	-
Special reserve	-	-	-	(258,258)	258,258	-	-	-	-
Cash dividend	-	-	-	-	(315,178)	-	(315,178)	-	(315,178)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(74,527)	(74,527)
Actual acquisition of interests in subsidiaries	-	-	(4,793)	-	(395,358)	-	(400,151)	(537,519)	(937,670)
Net profit for the year ended December 31, 2021	-	-	-	-	1,248,644	-	1,248,644	83,924	1,332,568
Other comprehensive gain (loss) for the year ended December 31, 2021	-	-	-	-	10,893	(79,443)	(68,550)	44,227	(24,323)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,259,537	(79,443)	1,180,094	128,151	1,308,245
BALANCE AT DECEMBER 31, 2021	\$ 3,151,781	\$ 456,751	\$ -	\$ 418,225	\$ 2,398,903	\$ (497,668)	\$ 5,927,992	\$ 592	\$ 5,928,584

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,143,340	\$ 984,670
Adjustments		
Depreciation expense	619,028	596,250
Amortization expense	21	20
Expected credit loss recognized on trade receivables	35,833	4,111
Finance costs	104,647	138,055
Interest income	(73,771)	(70,524)
Loss (gain) on disposal of property, plant and equipment	274	(7,901)
Write-down of inventories	11,079	50,494
Unrealized foreign currency exchange loss, net	24	2,774
Others	(55,523)	(2,589)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	459,820	(449,082)
Notes receivable	5,594	(1,076)
Trade receivables	(404,522)	(109,545)
Other receivables	(925)	(110,822)
Inventories - manufacturing	(301,170)	(233,687)
Inventories - constructing	275,049	(559,608)
Other current assets	(7,288)	(113,856)
Contract liabilities	(2,169,361)	3,299,171
Trade payables	337,673	132,607
Other payables	122,615	76,169
Other current liabilities	40,960	(26,045)
Net defined benefit liabilities	14,718	12,861
Cash generated from operations	1,158,115	3,612,447
Interest received	73,771	70,524
Interest paid	(110,722)	(149,347)
Income tax paid	(723,380)	(359,085)
Net cash generated from operating activities	<u>397,784</u>	<u>3,174,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,223,091)	(3,227,886)
Proceeds from disposal of financial assets at amortized cost	2,668,871	2,739,601
Payments for property, plant and equipment	(454,117)	(320,599)
Proceeds from disposal of property, plant and equipment	11,881	28,148
Increase in refundable deposits	(28,265)	(301)
Payments for right-of-use assets	-	(232,478)
Decrease in other non-current assets	5,519	28
Increase in prepayments for machinery and equipment	(368,069)	(123,016)
Net cash used in investing activities	<u>(387,271)</u>	<u>(1,136,503)</u>

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (539,320)	\$ (1,347,448)
Proceeds from long-term borrowings	4,316,640	4,003,930
Repayments of long-term borrowings	(5,115,237)	(1,982,409)
Proceeds from (repayments of) guarantee deposits received	(3,050)	3,564
Repayment of the principal portion of lease liabilities	(7,740)	(6,433)
Acquisition of additional interests in subsidiary	(791,033)	-
Income taxes paid on disposal of subsidiary	(229,496)	-
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>(2,758,941)</u>	<u>461,554</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(13,141)</u>	<u>175,975</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,761,569)	2,675,565
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,421,184</u>	<u>1,745,619</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,659,615</u>	<u>\$ 4,421,184</u>

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 25, 2022.

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 has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 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 for deferred taxes that 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 other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

e. Foreign currencies

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

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

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

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

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

In the consolidated financial statements, the common stock has a value of US\$56,212 thousand with a par value of US\$1 at an exchange rate of 3.1385 (the basis was calculated by the exchange rate US\$1=NT\$31.385 on April 24, 2010, the date before the meeting of board of directors) to par value of NT\$10. The rest of the shares were issued with a par value of NT\$10 and the total common stock issued amounted to NT\$3,151,781 thousand at December 31, 2021. Besides, assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; equity is translated at the historical exchange rates; and income and expense items are translated at the average exchange rates for the period. The exchange differences arising from the consolidation of the financial statements are recognized in other comprehensive income and attributable to the owners of the Corporation and the non-controlling interests.

f. Inventories

Manufacturing

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

Construction industry

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

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

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

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

g. Property, plant, and equipment

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

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

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

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

h. Goodwill

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

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

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

i. Intangible assets

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

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

j. Assets related to contract costs

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

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

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

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

2) Revenue from the sale of real estate

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

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

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

o. Leases

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

The Group as lessee

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

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

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

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

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

p. Borrowing costs

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

q. Government grants

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

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

s. Taxation

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

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. 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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on 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

	<u>December 31</u>	
	2021	2020
Petty cash and cash on hand	\$ 27,778	\$ 24,910
Checking accounts and demand deposits	1,120,497	1,059,982
Cash equivalents (deposit accounts with original maturities of 3 months or less)	<u>511,340</u>	<u>3,336,292</u>
	<u>\$ 1,659,615</u>	<u>\$ 4,421,184</u>
 <u>Rate of interest per annum (%)</u>		
Bank balance	0-1.40	0-1.27
Deposit accounts with original maturities of 3 months or less	1.40-2.80	1.76-2.80

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	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>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Restricted deposits	<u>\$ 53,923</u>	<u>\$ 504,067</u>
<u>Non-current</u>		
Restricted deposits	<u>\$ 19,470</u>	<u>\$ 20,205</u>

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLES AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost	\$ <u>7,110</u>	\$ <u>13,004</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,568,191	\$ 1,203,100
Less: Allowance for impairment loss	<u>(81,176)</u>	<u>(49,525)</u>
	<u>\$ 1,487,015</u>	<u>\$ 1,153,575</u>

The average credit period of sales of goods was 30 to 90, and 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 lifetime 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
<u>December 31, 2021</u>						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	\$ 1,351,311	\$ 111,676	\$ 54,410	\$ 24,192	\$ 26,602	\$ 1,568,191
Loss allowance (Lifetime ECLs)	<u>(14,074)</u>	<u>(19,001)</u>	<u>(17,306)</u>	<u>(15,370)</u>	<u>(15,425)</u>	<u>(81,176)</u>
Amortized cost	<u>\$ 1,337,237</u>	<u>\$ 92,675</u>	<u>\$ 37,104</u>	<u>\$ 8,822</u>	<u>\$ 11,177</u>	<u>\$ 1,487,015</u>
<u>December 31, 2020</u>						
Expected credit loss rate	0%-2%	1%-20%	1%-40%	1%-80%	1%-100%	
Gross carrying amount	\$ 1,053,108	\$ 93,423	\$ 30,755	\$ 5,808	\$ 20,006	\$ 1,203,100
Loss allowance (Lifetime 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>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 49,525	\$ 46,615
Add: Net remeasurement of loss allowance	35,833	4,111
Less: Amounts written off	(3,769)	(1,814)
Foreign exchange gains and losses	<u>(413)</u>	<u>613</u>
Balance at December 31	<u>\$ 81,176</u>	<u>\$ 49,525</u>

10. INVENTORIES

a. Manufacturing

	December 31	
	2021	2020
Finished goods	\$ 478,153	\$ 313,967
Work in process	364,852	290,042
Raw materials and supplies	392,132	372,112
Inventory in transit	<u>28,553</u>	<u>35,459</u>
	<u>\$ 1,263,690</u>	<u>\$ 1,011,580</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$4,174,016 thousand and \$3,107,557 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs and loss on doubtful debts \$11,079 thousand and \$50,494 thousand.

b. Construction industry

	December 31	
	2021	2020
Construction under development	\$ 1,867,336	\$ 2,725,435
Construction to be sold	<u>889,323</u>	<u>409,141</u>
	<u>\$ 2,756,659</u>	<u>\$ 3,134,576</u>

Construction under development

Location	Project Name	Estimated Year of Completion	December 31	
			2021	2020
Xishan District, Wuxi	Paiho International Mansion - Season Two	2021	\$ -	\$ 1,843,081
	Paiho Commercial Plaza	2022	<u>1,867,336</u>	<u>882,354</u>
			<u>\$ 1,867,336</u>	<u>\$ 2,725,435</u>

Construction to be sold

Location	Project Name	December 31	
		2021	2020
Xishan District, Wuxi	Paiho International Mansion - Season One	\$ 330,057	\$ 409,141
	Paiho International Mansion - Season Two	<u>559,266</u>	<u>-</u>
		<u>\$ 889,323</u>	<u>\$ 409,141</u>

The cost of inventories recognized as cost of real estate sold for the year ended December 31, 2021 and 2020 was \$2,170,866 thousand and \$1,048,393 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
The Corporation	Hong Kong Antex Limited	International investment	100	100	-
	Pai Lon International Trading Limited	International trading	100	100	5
	Hon Shin Corp.	International investment and trading	100	100	-
	Taiwan Pai Lon Biotechnology Co., Ltd	Production and sales of masks and non-woven products	-	100	1
Hong Kong Antex Limited	Wuxi Paiho Textile Co., Limited	Processing of touch fastener, webbing and embroidery	99.99	93	2
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven products	100	-	2
	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	2
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.	100	66	2
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration.	100	100	-
	Shanghai Best Expectation Textile Trading Limited	International investment and trading	100	-	3
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven products	-	100	2
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	International investment and trading	-	-	4
Hon Shin Corp.	Vietnam Paihong Limited Company	Production & marketing of mesh and other fabrics.	100	100	-

Note 1: 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.

Note 2: The Corporation carried out an organizational restructuring in October 2021 to adjust the Group's investment structure in mainland China. Hong Kong Antex Limited acquired 4.2% and 2.59% equity in Wuxi Paiho Textile Co., Limited from Paiho Int'l Limited and Wuxi Paisen Commerce Co., Ltd., respectively. Hong Kong Antex Limited acquired 100% equity in Wuxi Paiwei Biotechnology Co. Ltd from Wuxi Paiho Textile Co., Limited. In addition, Wuxi Paiho Textile Co., Limited acquired 34% equity in Dongguan Paihong Industry Co., Ltd from Hong Kong Antex Limited.

Note 3: Shanghai Best Expectation Textile Trading Limited was established in December 2021 and has no operational activities.

Note 4: Hong Kong Best Expectation International Trading Limited completed its registration in December 2021 and had not invested capital until the balance sheet date, thus, its shareholding percentage is zero.

Note 5: The Corporation's board of directors resolved to dissolve and liquidate Pai Lon International Trading Limited in November 2021, and the liquidation was completed in February 2022.

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

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Buildings	\$ 3,159,988	\$ 2,943	\$ (9,285)	\$ 8,228	\$ (54,734)	\$ 3,107,140
Machinery and equipment	4,914,308	169,789	(111,986)	130,871	(93,615)	5,009,367
Transportation equipment	146,225	8,266	(20,986)	-	(2,299)	131,206
Miscellaneous equipment	537,340	98,795	(67,285)	(5,642)	(5,712)	557,496
Construction in progress	<u>239,119</u>	<u>172,450</u>	<u>-</u>	<u>(11,514)</u>	<u>(1,738)</u>	<u>398,317</u>
	<u>8,996,980</u>	<u>\$ 452,243</u>	<u>\$ (209,542)</u>	<u>\$ 121,943</u>	<u>\$ (158,098)</u>	<u>9,203,526</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	863,020	\$ 115,835	\$ (9,285)	\$ -	\$ (8,200)	961,370
Machinery and equipment	1,715,113	404,886	(104,228)	2,317	(33,726)	1,984,362
Transportation equipment	77,363	11,412	(19,717)	-	(956)	68,102
Miscellaneous equipment	<u>399,431</u>	<u>58,314</u>	<u>(64,157)</u>	<u>(2,317)</u>	<u>(3,709)</u>	<u>387,562</u>
	<u>3,054,927</u>	<u>\$ 590,447</u>	<u>\$ (197,387)</u>	<u>\$ -</u>	<u>\$ (46,591)</u>	<u>3,401,396</u>
	<u>\$ 5,942,053</u>					<u>\$ 5,802,130</u>

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

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 869,744	\$ 911,701
Buildings	11,262	7,903
Transportation equipment	<u>1,571</u>	<u>2,410</u>
	<u>\$ 882,577</u>	<u>\$ 922,014</u>
<u>For the Year Ended December 31</u>		
	2021	2020
Additions to right-of-use assets	<u>\$ 9,802</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 21,372	\$ 21,988
Buildings	6,390	5,738
Transportation equipment	<u>819</u>	<u>800</u>
	<u>\$ 28,581</u>	<u>\$ 28,526</u>

b. Lease liabilities

	<u>December 31</u>	
	2021	2020
<u>Carrying amounts</u>		
Current	\$ 7,882	\$ 7,109
Non-current	<u>5,007</u>	<u>3,800</u>
	<u>\$ 12,889</u>	<u>\$ 10,909</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2021	2020
Buildings	0.98%-3.85%	3.85%
Transportation equipment	3.85%	3.85%

c. Material leasing activities and terms

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

d. Other lease information

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to short-term leases	<u>\$ 10,574</u>	<u>\$ 14,912</u>
Total cash outflow for leases	<u>\$ (17,984)</u>	<u>\$ (21,576)</u>

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

14. GOODWILL

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 44,899	\$ 47,031
Additional amounts recognized from non-controlling interests (Note 25)	82,859	-
Effect of foreign currency exchange differences	<u>(2,755)</u>	<u>(2,132)</u>
Balance at December 31	<u>\$ 125,003</u>	<u>\$ 44,899</u>

15. OTHER ASSETS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Tax overpaid retained for offset of future tax payable	\$ 348,995	\$ 317,543
Prepayments	70,619	38,955
Prepaid expenses	18,065	21,135
Others	<u>24,371</u>	<u>89,862</u>
	<u>\$ 462,050</u>	<u>\$ 467,495</u>
<u>Non-current</u>		
Refundable deposits	\$ 36,663	\$ 8,982
Others	<u>4,670</u>	<u>11,674</u>
	<u>\$ 41,333</u>	<u>\$ 20,656</u>

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,777,536</u>	<u>\$ 2,378,080</u>
<u>Rate of interest per annum (%)</u>		
Line of credit borrowings	1.03-4.05	1.15-2.95

b. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings - due in January 2022 - December 2026	\$ 3,994,644	\$ 4,917,928
Less: Current portion	<u>(387,520)</u>	<u>(399,432)</u>
Long-term borrowings	<u>\$ 3,607,124</u>	<u>\$ 4,518,496</u>
<u>Rate of interest per annum (%)</u>		
Unsecured loans	1.37-3.75	1.32-1.75

In order to repay the loans, support overseas investment and provide sufficient operation funds, the Corporation obtained a syndicated loan with a credit line of US\$220 million from KGI Commercial Bank and multiple financial institutions in July 2021. 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

	December 31	
	2021	2020
Payables for salaries and bonuses	\$ 497,324	\$ 408,469
Payables for compensation of employees and remuneration of directors	29,396	12,961
Tax payable	20,191	21,817
Payables for purchases of building and equipment	19,029	21,522
Others	<u>214,611</u>	<u>224,871</u>
	<u>\$ 780,551</u>	<u>\$ 689,640</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	<u>\$ 139,481</u>	<u>\$ 135,524</u>
Movements in net defined benefit liabilities were as follows:		
	Present Value of the Defined Benefit Obligation	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 135,524</u>	<u>\$ 135,524</u>
Service cost		
Current service cost	14,465	14,465
Net interest expense	<u>385</u>	<u>385</u>
Recognized in profit or loss	<u>14,850</u>	<u>14,850</u>
Remeasurement		
Actuarial loss - changes in demographic assumptions	514	514
Actuarial gain - changes in financial assumptions	(7,761)	(7,761)
Actuarial gain - experience adjustments	<u>(3,646)</u>	<u>(3,646)</u>
Recognized in other comprehensive income	<u>(10,893)</u>	<u>(10,893)</u>
Balance at December 31, 2021	<u>\$ 139,481</u>	<u>\$ 139,481</u>
Balance at January 1, 2020	<u>\$ 106,446</u>	<u>\$ 106,446</u>
Service cost		
Current service cost	13,726	13,726
Plan curtailment differences	(1,100)	(1,100)
Net interest expense	<u>755</u>	<u>755</u>
Recognized in profit or loss	<u>13,381</u>	<u>13,381</u>
Remeasurement		
Actuarial gain - changes in demographic assumptions	(21)	(21)
Actuarial loss - changes in financial assumptions	8,481	8,481
Actuarial loss - experience adjustments	<u>7,237</u>	<u>7,237</u>
Recognized in other comprehensive income	<u>15,697</u>	<u>15,697</u>
Balance at December 31, 2020	<u>\$ 135,524</u>	<u>\$ 135,524</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (4,571)</u>	<u>\$ (4,757)</u>
0.25% decrease	<u>\$ 4,821</u>	<u>\$ 5,033</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 4,746</u>	<u>\$ 4,935</u>
0.25% decrease	<u>\$ (4,525)</u>	<u>\$ (4,691)</u>

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

Pai Lon International Trading Limited and Hon Shih Corp. are offshore companies that do not have pension plans. Hong Kong Antex Limited has no employees; thus, it does not have any pension plan.

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2021</u>			
Assets			
Trade receivables	\$ 439	\$ -	\$ 439
Other receivables	3,086	-	3,086
Inventory - constructing	2,756,659	-	2,756,659
Other current assets	<u>126,713</u>	<u>-</u>	<u>126,713</u>
	<u>\$ 2,886,897</u>	<u>\$ -</u>	<u>\$ 2,886,897</u>

(Continued)

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2021</u>			
Liabilities			
Trade payable	\$ 338,749	\$ -	\$ 338,749
Other payables	156,420	-	156,420
Contract liabilities	<u>954,748</u>	<u>-</u>	<u>954,748</u>
	<u>\$ 1,449,917</u>	<u>\$ -</u>	<u>\$ 1,449,917</u>
			(Concluded)

	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			
Trade 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>

20. EQUITY

a. Common stock

	<u>December 31</u>	
	2021	2020
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Shares authorized	<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>
Shares issued	<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 (d) Employees' compensation and remuneration of directors.

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	<u>\$ (258,258)</u>	<u>\$ 198,995</u>
Cash dividends	<u>\$ 315,178</u>	<u>\$ 189,107</u>
Cash dividends per share (NT\$)	\$ 1	\$ 0.6

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

The appropriations of earnings for 2021, which were proposed or resolved by the Corporation's board of directors on March 25, 2022 were as follows:

	For the Year Ended December 31 2021
<u>Proposed</u>	
Special reserve	\$ <u>79,443</u>
<u>Resolved</u>	
Cash dividends	\$ <u>787,945</u>
Cash dividends per share (NT\$)	\$ 2.5

Regarding the appropriations of earnings for 2021, the amount of special reserve is subject to the resolution of the shareholders in their meeting to be held on June 22, 2022.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	\$ 6,677,004	\$ 4,824,676
Revenue from sale of real estate	<u>3,464,090</u>	<u>1,728,001</u>
	<u>\$ 10,141,094</u>	<u>\$ 6,552,677</u>
Operating cost		
Cost of goods sold	\$ 4,174,016	\$ 3,107,557
Cost of real estate sold	<u>2,170,866</u>	<u>1,048,393</u>
	<u>\$ 6,344,882</u>	<u>\$ 4,155,950</u>
<u>Contract balances</u>		
	<u>December 31</u>	
	2021	2020
Contract liabilities - current		
Sales of real estate	\$ 954,748	\$ 3,238,327
Sales of goods	<u>35,865</u>	<u>-</u>
	<u>\$ 990,613</u>	<u>\$ 3,238,327</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31,	
	2021	2020
Subsidy income	\$ 52,873	\$ 641
Government subsidy revenue	7,907	16,100
Rental income	3,870	1,330
Others	<u>42,338</u>	<u>16,444</u>
	<u>\$ 106,988</u>	<u>\$ 34,515</u>

b. Finance costs

	For the Year Ended December 31,	
	2021	2020
Interest on bank loans	\$ 104,317	\$ 137,512
Interest on lease liabilities	<u>330</u>	<u>543</u>
	<u>\$ 104,647</u>	<u>\$ 138,055</u>

Information about capitalized interest:

	For the Year Ended December 31, 2020
Capitalized interest	\$ 14,693
Capitalization rates (%)	1.27-3.42

c. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses and Non-Operating Expenses	Total
<u>For the Year Ended December 31, 2021</u>			
Short-term employee benefits	\$ 846,319	\$ 912,339	\$ 1,758,658
Post-employment benefits			
Defined contribution plans	54,081	30,455	84,536
Defined benefit plans (Note 18)	-	14,850	14,850
Other employee benefits	70,525	37,603	108,128
Depreciation expenses	473,482	145,546	619,028
Amortization expenses	-	21	21

	Operating Costs	Operating Expenses and Non-Operating Expenses	Total
<u>For the Year Ended December 31, 2020</u>			
Short-term employee benefits	\$ 761,375	\$ 663,648	\$ 1,425,023
Post-employment benefits			
Defined contribution plans	34,469	15,545	50,014
Defined benefit plans (Note 18)	-	13,381	13,381
Other employee benefits	63,962	35,659	99,621
Depreciation expenses	439,273	156,977	596,250
Amortization expenses	-	20	20

d. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which have been resolved by the Corporation's board of directors on March 25, 2022 and March 24, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual rate	Amount (US Dollars)	Accrual rate	Amount (US Dollars)
Employees' compensation	1.03%	\$ 469,814	1.03%	\$ 183,149
Remuneration of directors	0.84%	383,338	0.84%	149,438

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 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	Employees' Compensation	Remuneration of Directors
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 resolved by the Corporation's board of directors available at the Market Observation Post System website of the TWSE.

e. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 169,960	\$ 63,329
Foreign exchange losses	<u>(156,407)</u>	<u>(106,935)</u>
Net gains (losses)	<u>\$ 13,553</u>	<u>\$ (43,606)</u>

23. TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 560,836	\$ 374,390
Adjustments for prior years	(17,156)	(12,800)
Land value increment tax	<u>253,847</u>	<u>73,244</u>
	<u>797,527</u>	<u>434,834</u>
Deferred tax		
In respect of the current year	<u>13,245</u>	<u>(33,521)</u>
Income tax expense recognized in profit or loss	<u>\$ 810,772</u>	<u>\$ 401,313</u>

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 932,265	\$ 589,401
Nondeductible expenses in determining taxable income	11,499	14,551
Permanent difference	(530,696)	(316,132)
Tax credits of research and development expenses	(26,608)	(5,621)
Unrecognized temporary difference	25,012	(824)
Deferred tax effect of earnings of subsidiaries	162,609	59,494
Land value increment tax	253,847	73,244
Adjustments for prior years' tax	<u>(17,156)</u>	<u>(12,800)</u>
Income tax expense recognized in profit or loss	<u>\$ 810,772</u>	<u>\$ 401,313</u>

Wuxi Paiho Textile Co., Limited and Dongguan Paihong Industry Co., Ltd were originally levied at an income tax rate of 25%, subject to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (New Enterprise Income Tax Law) and its implementation regulations. The administrative measures stipulate that if an enterprise applies for Measures for the Administration of Accreditation of New and High Technology Enterprises that is determined to be supported by the state and needs to enjoy a preferential tax rate of 15%, it shall be valid for 3 years. Wuxi Paiho Textile Co., Limited obtained the new and high technology enterprises certificate in 2010 and reviewed it in 2013 and re-applied for and obtained new certificate in 2016 and 2019. Therefore, the preferential tax rate would be 15% until 2021. Dongguan Paihong Industry Co., Ltd has obtained the new and high technology enterprises certificate since 2015 and passed the re-application in 2018 and 2021. Therefore, the preferential tax rate will continue to be 15% until 2023.

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

Vietnam Paihong Limited Company is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years beginning from the first year that profit is earned - full exemption in the first two years and half exemption in the next four years (original tax rate is 20%). In addition, the loss period is limited to three years; if the loss is sustained for three consecutive years, the fourth year would be the first year of the tax exemption period.

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

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

b. Deferred tax assets and liabilities

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

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 3,159	\$ 2,088	\$ (23)	\$ 5,224
Allowance for inventory value decline	27,301	(6,847)	(222)	20,232
Interest income	11,093	(6,765)	(2,205)	2,123
Others	<u>62,215</u>	<u>37,282</u>	<u>(464)</u>	<u>99,033</u>
	<u>\$ 103,768</u>	<u>\$ 25,758</u>	<u>\$ (2,914)</u>	<u>\$ 126,612</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 391,338	\$ 39,618	\$ (13,939)	\$ 417,017
Others	<u>6,130</u>	<u>(615)</u>	<u>(49)</u>	<u>5,466</u>
	<u>\$ 397,468</u>	<u>\$ 39,003</u>	<u>\$ (13,988)</u>	<u>\$ 422,483</u>

For the Year Ended December 31, 2020

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

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2022	\$ 44,476	\$ 44,476
Expiry in 2023	272,340	272,340
Expiry in 2024	450,751	450,751
Expiry in 2025	507,853	507,853
Expiry in 2026	363,048	-
Expiry in 2030	<u>-</u>	<u>213</u>
	<u>\$ 1,638,468</u>	<u>\$ 1,275,633</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 Year Ended December 31, 2021</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 1,248,644	315,178	<u>\$3.96</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>411</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 1,248,644</u>	<u>315,589</u>	<u>\$3.96</u>
<u>For the Year Ended December 31, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 513,531	315,178	<u>\$1.63</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>215</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive common stock	<u>\$ 513,531</u>	<u>315,393</u>	<u>\$1.63</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2021, Hong Kong Antex Limited purchased 100% interest in Wuxi Paiho textile Co., Limited from Paiho Int'l Limited and Wuxi Paisen Commerce Co., Ltd. for RMB116,108 thousand and RMB71,709 thousand, respectively. After the acquisition of the shares, the Group increased its continuing interest from 93% to 99.99%. The transaction was accounted for as an equity transaction, since the Group did not cease to have control over this subsidiary.

	For the Year Ended December 31, 2021 (In Thousands of RMB)
Consideration paid	\$ (187,817)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	116,034
Organizational reorganization - Goodwill	<u>19,133</u>
Differences recognized from equity transactions	<u>\$ (52,650)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (52,650)</u>

Hong Kong Antex Limited has disposed of its interests in Dongguan Paihong Industry Co., Ltd to Wuxi Paiho Textile Co., Limited, and the amount of income taxes directly recognized as an equity is RMB52,880 thousand.

26. CAPITAL MANAGEMENT

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

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

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

27. 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 years ended December 31, 2021 and 2020.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 463,871
Financial assets at amortized cost (1)	3,379,207	6,239,513
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	7,358,254	8,478,103

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 31.

Sensitivity analysis

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

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

	Currency Impact	
	For the Year Ended December 31	
	2021	2020
USD	\$ 3,839	\$ 3,543
HKD	294	344

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.

	December 31	
	2021	2020
Fair value interest rate risk		
Short-term borrowings	\$ 216,645	\$ 455,680
Lease liabilities	12,889	10,909
Cash flow interest rate risk		
Short-term borrowings	1,560,891	1,922,400
Long-term borrowings	3,994,644	4,917,928

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$13,889 thousand and \$17,101 thousand, respectively.

2) Credit risk

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

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

In order to minimize credit risk, the Group had set up credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate allowances are made for irrecoverable amounts. In this regard, Group's 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 December 31, 2021 and 2020, the Group had available unutilized bank loan facilities of \$9,312,917 thousand and \$5,065,260 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>December 31, 2021</u>			
Non-interest bearing	\$ 1,520,290	\$ 55,293	\$ 10,491
Lease liabilities	2,079	6,522	4,562
Short-term bank loan	593,093	1,184,443	-
Long-term bank loan	<u>-</u>	<u>387,520</u>	<u>3,607,124</u>
	<u>\$ 2,115,462</u>	<u>\$ 1,633,778</u>	<u>\$ 3,622,177</u>
<u>December 31, 2020</u>			
Non-interest bearing	\$ 1,064,443	\$ 103,757	\$ 13,895
Lease liabilities	1,851	5,553	3,881
Short-term bank loan	1,181,920	1,196,160	-
Long-term bank loan	<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>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
<u>December 31, 2021</u>		
Lease liabilities	<u>\$ 8,601</u>	<u>\$ 4,562</u>
<u>December 31, 2020</u>		
Lease liabilities	<u>\$ 7,404</u>	<u>\$ 3,881</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, 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 Corporation's ultimate parent
Paiho Int'l Limited	The Corporation's parent
Vietnam Paiho Limited	Sister company
Paiho North America Corp.	Sister company
PT. Paiho Indonesia	Sister company

(Continued)

<u>Related Party</u>	<u>Related Party Category</u>
Dongguan Paiho Business Service Co., Ltd (Note 1)	Sister company
Wuxi Paisen Commerce Co., Ltd. (Note 2)	Sister company
Dongguan Paiho Powder Coating Co., Ltd.	Sister company
China Star International Limited	Sister company
Ming-Chang Chiang	Others

Note 1: Original company name is Dongguan Paiho Textile Limited.

Note 2: Original company name is Wuxi Paisen Chemical Fibre Co., Ltd.

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Taiwan Paiho Limited	\$ 118	\$ 13,126
	Sister company	155,717	133,290
	Others	-	13,233
		<u>\$ 155,835</u>	<u>\$ 159,649</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	For the Year Ended December 31	
	2021	2020
Taiwan Paiho Limited	\$ 443,145	\$ 283,832
Sister company	<u>96</u>	<u>1,051</u>
	<u>\$ 443,241</u>	<u>\$ 284,883</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	December 31	
		2021	2020
Trade receivables	Taiwan Paiho Limited	\$ 6	\$ -
	Sister company		
	PT. Paiho Indonesia	17,486	7,039
	Vietnam Paiho Limited	3,052	4,009
	Paiho North America Corp.	<u>39</u>	<u>9,573</u>
		<u>\$ 20,583</u>	<u>\$ 20,621</u>

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

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Taiwan Paiho Limited	\$ 136,188	\$ 86,532
	Sister company	<u>9</u>	<u>-</u>
		<u>\$ 136,197</u>	<u>\$ 86,532</u>
Other payables	Taiwan Paiho Limited	\$ 1,085	\$ 12
	Sister company	<u>3,355</u>	<u>2,680</u>
		<u>\$ 4,440</u>	<u>\$ 2,692</u>

f. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
	2021	2020
Taiwan Paiho Limited	\$ <u>-</u>	\$ <u>2,172</u>

g. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Lease expenses</u>		
Taiwan Paiho Limited	\$ 135	\$ 95
Sister company	<u>4,866</u>	<u>4,327</u>
	<u>\$ 5,001</u>	<u>\$ 4,422</u>

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

	December 31	
	2021	2020
Future lease payables	\$ <u>5,165</u>	\$ <u>4,606</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	December 31	
		2021	2020
Other income	Taiwan Paiho Limited	\$ 1,565	\$ 895
	Sister company	<u>157</u>	<u>900</u>
		<u>\$ 1,722</u>	<u>\$ 1,795</u>

i. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 155,798	\$ 95,985
Post-employment benefits	<u>1,601</u>	<u>2,188</u>
	<u>\$ 157,399</u>	<u>\$ 98,173</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Financial assets at amortized cost	<u>\$ 6,920</u>	<u>\$ 7,298</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. The Group's unrecognized commitments

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 165,447</u>	<u>\$ 78,184</u>

b. As of December 31, 2021 and 2020, the Group had signed construction contracts but not yet paid for approximately \$731,551 thousand and \$1,323,104 thousand, respectively.

c. As of December 31, 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	\$ 426,720	\$ 276,265
Paiho Business Plaza	<u>825,522</u>	<u>678,483</u>
	<u>\$ 1,252,242</u>	<u>\$ 954,748</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.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount	Foreign Currency	Exchange Rate (Note 1)	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 19,415	6.3757 (Note 2)	\$ 537,730	\$ 15,568	6.5249 (Note 2)	\$ 444,626
HKD	8,291	3.549	29,421	10,592	3.674	38,915
<u>Financial liabilities</u>						
Monetary items						
USD	5,554	6.3757 (Note 2)	153,811	3,164	6.5249 (Note 2)	90,353
HKD	-	-	-	1,216	3.674	4,469

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 Currency	For the Year Ended December 31			
	2021	Net Foreign Exchange Gain and Loss	2020	Net Foreign Exchange Gain and Loss
	Exchange Rate		Exchange Rate	
USD	28.0088 (USD:NTD)	\$ (1,692)	29.5493 (USD:NTD)	\$ (14,434)
RMB	4.3413 (RMB:NTD)	(2,490)	4.2818 (RMB:NTD)	(28,159)
HKD	3.6033 (HKD:NTD)	<u>17,735</u>	3.8093 (HKD:NTD)	<u>(1,013)</u>
		<u>\$ 13,553</u>		<u>\$ (43,606)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (None)
- 4) Marketable securities acquired or disposed of 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)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group manages and allocates resources to research and development, manufacturing and sales of main and auxiliary materials and construction. The operating activities are the operation departments of research and development, manufacturing and sales of main and auxiliary materials and accessories products. The Group's reportable segments are Production and Construction.

a. Segment revenues and results

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

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2021	2020	2021	2020
Production	\$ 6,677,004	\$ 4,824,676	\$ 974,598	\$ 514,976
Construction	<u>3,464,090</u>	<u>1,728,001</u>	<u>1,108,583</u>	<u>551,221</u>
Total from continuing operations	<u>\$ 10,141,094</u>	<u>\$ 6,552,677</u>	2,083,181	1,066,197
Interest income			73,771	70,524
Other income and benefits			120,541	34,515
Interest expenses			(104,647)	(138,055)
Other expenses and losses			<u>(29,506)</u>	<u>(48,511)</u>
Profit before income tax			<u>\$ 2,143,340</u>	<u>\$ 984,670</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the years ended December 31, 2021 and 2020.

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.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2021	2020
Premises (including Parking Space)	\$ 3,464,090	\$ 1,728,001
Webbing (Shoelaces)	2,526,963	1,899,595
Touch Fastener	1,443,377	1,065,966
Jacquard Engineered Mesh	1,133,844	611,325
Elastic	798,985	578,316
Other	<u>773,835</u>	<u>669,474</u>
	<u>\$ 10,141,094</u>	<u>\$ 6,552,677</u>

d. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
China	\$ 9,305,465	\$ 6,133,564	\$ 2,664,747	\$ 2,139,904
Vietnam	<u>835,629</u>	<u>419,113</u>	<u>4,591,931</u>	<u>4,954,441</u>
	<u>\$ 10,141,094</u>	<u>\$ 6,552,677</u>	<u>\$ 7,256,678</u>	<u>\$ 7,094,345</u>

Non-current assets do not include assets that are classified as deferred tax assets.

e. Information about major customers

In 2021 and 2020, no single customer accounted for at least 10% of the Group's service revenue; therefore, no customer information is required to be disclosed.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 4 and 6)	Ending Balance (Notes 5 and 6)	Actual Amount Borrowed (Notes 5 and 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 Limit (Notes 1, 2 and 3)
													Item	Value		
0	The Corporation	Hon Shin Corp.	Receivables from related parties	Yes	\$ 472,430 (USD 17,000)	\$ 470,560 (USD 17,000)	\$ 470,560 (USD 17,000)	3-month USD TAIFX rate, plus 1.15%	Necessary for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,463,106	\$ 2,463,106
		Vietnam Paihong Limited Company	Receivables from related parties	Yes	1,603,863 (USD 55,500)	775,040 (USD 28,000)	775,040 (USD 28,000)	3-month USD Libor rate, plus 1.28%	Necessary for short-term financing	-	Operating capital	-	-	-	2,463,106	2,463,106
1	Wuxi Paiho Textile Co. Limited	Wuxi Paiwei Biotechnology Co. Ltd.	Receivables from related parties	Yes	217,040 (RMB 50,000)	130,320 (RMB 30,000)	130,320 (RMB 30,000)	3.60%-4.35%	Necessary for short-term financing	-	Operating capital	-	-	-	1,470,771	2,941,541
2	Hon Shin Corp.	Vietnam Paihong Limited Company	Receivables from related parties	Yes	674,500 (USD 22,338)	146,358 (USD 5,288)	146,358 (USD 5,288)	3-month USD Libor rate, plus 1.28% and 2.25%	Necessary for long-term and short-term financing	-	Operating capital	-	-	-	1,793,814	1,793,814
3	Dongguan Paihong Industry Co., Ltd.	Wuxi Paiho Textile Co. Limited	Receivables from related parties	Yes	521,000 (RMB 120,000)	521,280 (RMB 120,000)	434,400 (RMB 100,000)	3.60%	Necessary for short-term financing	-	Operating capital	-	-	-	648,305	1,296,610
4	Wuxi Paihong Real Estate Co., Ltd.	Wuxi Paiho Textile Co. Limited	Receivables from related parties	Yes	434,000 (RMB 100,000)	434,400 (RMB 100,000)	434,400 (RMB 100,000)	3.60%	Necessary for short-term financing	-	Operating capital	-	-	-	523,368	1,046,737

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 YEAR ENDED DECEMBER 31, 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 Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Shin Corp.	Note 1	\$ 6,157,764	\$ 3,175,280 (USD 113,000)	\$ 2,851,040 (USD 103,000)	\$ 16,608 (USD 600)	\$ -	46.30%	\$ 9,236,646	Yes	-	-
		Vietnam Paihong Limited Company	Note 1	6,157,764	4,205,273 (USD 148,700)	4,032,976 (USD 145,700)	2,180,923 (USD 78,791)	-	65.49%	9,236,646	Yes	-	-
1	Hon Shin Corp.	Vietnam Paihong Limited Company	Note 1	1,793,814	60,160 (USD 2,000)	-	-	-	-	2,690,721	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 YEAR ENDED DECEMBER 31, 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 Amount	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	\$ 1,713,421 (Notes 2 and 5)
Hon Shin Corp.	Equity	Investments accounted for using equity method	Vietnam Paihong Limited Company	Subsidiaries	-	1,340,708 (Note 2)	-	973,350	-	-	-	-	-	1,976,325 (Notes 2 and 5)
Hong Kong Antex Limited.	Dongguan Paihong Industry Co., Ltd. Equity	Investments accounted for using equity method	Wuxi Paiho Textile Co., Limited	Subsidiaries	-	1,208,424	-	-	-	2,822,739 (RMB 649,883)	1,121,307 (RMB258,160)	(Note 4)	-	-
Hong Kong Antex Limited.	Wuxi Paiho Textile Co., Limited Stock	Investments accounted for using equity method	Paiho Int'l Limited and Wuxi Paisen Commerce Co., Ltd.	Subsidiaries and sister company	358,431,843	6,682,177 (Note 2)	26,121,973	815,775 (RMB 187,817)	-	-	(Note 3)	-	384,553,816	6,043,938 (Notes 2 and 5)
	<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	-	-	-	-	-	940,576 (RMB 216,550)	-	940,576 (RMB 216,550)	940,576 (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	-	-	-	195,456 (RMB 45,000)	-	189,027 (RMB 43,520)	-	384,483 (RMB 88,520)	384,483 (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: The carrying amount of the sale included the share of profit or loss from investments accounted for using the equity method and exchange differences on translating foreign operations.

Note 4: As the transaction is an organizational restructuring, it regarded as an equity transaction with no profit or loss from disposal.

Note 5: 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 YEAR ENDED DECEMBER 31, 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 December 31, 2021, RMB 51,671 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 YEAR ENDED DECEMBER 31, 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	\$ 252,210 (RMB 58,095)	24%	About 3 months	Use market price or purchase cost plus 15% of Taiwan Paiho Limited	About 3 months	\$ 99,951 (RMB 23,009)	(42%)	-
	Dongguan Paihong Industry Co., Ltd. (Note 3)	Note 1	Sale	307,512 (RMB 70,834)	(13%)	About 3 months	Use market price	About 3 months	127,574 (RMB 29,386)	54%	-
Dongguan Paihong Industry Co., Ltd.	Taiwan Paiho Limited	Note 2	Purchase	190,935 (RMB 43,981)	14%	About 3 months	Use market price or purchase cost plus 15% of Taiwan Paiho Limited	About 3 months	36,237 (RMB 8,342)	(11%)	-
Vietnam Paihong Limited Company	Hon Shin Corp. (Note 3)	Note 1	Sale	438,459 (USD 15,654)	(74%)	About 3 months	Use market price	About 3 months	118,524 (USD 4,282)	83%	-

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

Note 2: See Note 28 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

DECEMBER 31, 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	\$ 775,777 (USD 28,027)	-	\$ -	-	\$ 415,937 (USD 15,027)	\$ -
	Hon Shin Corp.	Note 2	487,079 (USD 17,597)	-	-	-	16,519 (USD 597)	-
Wuxi Paiho Textile Co. Limited	Wuxi Paiwei Biotechnology Co., Ltd.	Note 2	137,103 (RMB 31,562)	-	-	-	132,522 (RMB 30,507)	-
	Dongguan Paihong Industry Co., Ltd.	Note 2	127,653 (RMB 29,386)	3.52	-	-	127,653 (RMB 29,386)	-
Hon Shin Corp.	Vietnam Paihong Limited Company	Note 2	147,218 (USD 5,319)	4.25	-	-	14,006 (USD 506)	-
Dongguan Paihong Industry Co., Ltd.	Wuxi Paiho Textile Co. Limited	Note 2	435,814 (RMB 100,325)	-	-	-	1,412 (RMB 325)	-
Wuxi Paihong Real Estate Co., Ltd.	Wuxi Paiho Textile Co. Limited	Note 2	435,591 (RMB 100,274)	-	-	-	131,510 (RMB 30,274)	-
Vietnam Paihong Limited Company	Hon Shin Corp.	Note 2	118,524 (USD 4,282)	4.24	-	-	118,524 (USD 4,282)	-

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 YEAR ENDED DECEMBER 31, 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 2,400	-	1
1	Wuxi Paiho Textile Co. Limited	Dongguan Paihong Industry Co., Ltd.	1	Trade receivables	RMB 29,386	About 3 months	1
		Dongguan Paihong Industry Co., Ltd.	1	Sales	RMB 70,834	About 3 months	5
		Dongguan Paihong Industry Co., Ltd.	1	Other payables	RMB100,325	-	7
		Wuxi Paihong Real Estate Co., Ltd.	1	Other payables	RMB100,274	-	7
		Wuxi Paiwei Biotechnology Co., Ltd.	1	Receivables - related parties	RMB 30,000	-	1
2	Hon Shin Corp.	Vietnam Paihong Limited Company	1	Receivables - related parties	USD 5,288	-	1
		Vietnam Paihong Limited Company	1	Trade payables	USD 4,282	About 3 months	1
		Vietnam Paihong Limited Company	1	Sales	USD 1,800	About 3 months	1
		Vietnam Paihong Limited Company	1	Cost of goods sold	USD 15,654	About 3 months	7

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 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	\$ 6,145,911	\$ 1,538,112	\$ 1,538,112	Subsidiary
				USD 1,791	USD 1,791	1,500,000	100	19,583	104,098	123,869	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	1,713,421	(321,953)	(321,953)	Subsidiary
				-	60,000	-	-	-	(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	1,976,235	(304,414)	(Note 3)	Sub - Subsidiary

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

Note 2: Information on investment in mainland China is on Table 9.

Note 3: Not applicable.

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 5)	Carrying Amount as of December 31, 2021 (Notes 4 and 5)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Wuxi Paiho Textile Co., Limited	Processing of Touch Fasteners, Webbing and Embroidery	\$ 1,670,669 (RMB 384,592)	(Note 1)	\$ 1,011,930 (USD 36,335)	\$ -	\$ -	\$ 1,011,930 (USD 36,335)	\$ 1,573,485	99.99	\$ 1,475,993	\$ 6,043,938	\$ 1,778,045 (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.	1,551,220 (RMB 357,095)	(Note 1)	501,300 (USD 18,000)	-	-	501,300 (USD 18,000)	853,709	99.99	633,457	3,430,221	670,436 (RMB 154,336)
Wuxi Paihong Real Estate Co., Ltd.	Commercial Property Management; Planning Consultants, Sales, Development & Leasing of Real Estate and Design Decoration.	1,650,720 (RMB 380,000)	(Note 1)	(Note 2)	-	-	(Note 2)	644,752	99.99	596,465	2,549,372	-
Wuxi Paiwei Biotechnology Co. Ltd	Production and Sales of Masks and Non-Woven Products	564,720 (RMB 130,000)	(Note 1)	(Note 3)	-	-	(Note 3)	(56,878)	100	(54,151)	515,035	-
Shanghai Best Expectation Textile Trading Limited	International investments and trade	2,172 (RMB 500)	(Note 1)	(Note 2)	-	-	(Note 2)	-	99.99	-	2,172	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 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: Established in China by Wuxi Paiho Textile Co., Limited which was reinvested in by the Corporation through Hong Kong Antex Limited. The investment was funded by Wuxi Paiho textile Co., Limited.

Note 3: Originally established in China by Wuxi Paiho Textile Co., Limited which was reinvested in by the Corporation through Hong Kong Antex Limited, the investment was transferred to Hong Kong Antex Limited in October 2021.

Note 4: The amounts denominated in foreign currency were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 5: The investment gain (loss) is recognized according to the financial statements audited by the Corporation's independent auditors.

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

TABLE 10**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 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.