

PAIHO SHIH HOLDINGS CORPORATION

Minutes of 2023 Annual General Shareholders' Meeting

(Translation)

Type of the Shareholders' Meeting: Physical Shareholders' Meeting

Time: 9 a.m., June 6th, 2023 (Tuesday)

Venue: Taiwan office of the Company

(No.575, Ho Kang Rd., Hemei Township, Changhua County 508, Taiwan)

Present : Attending shareholders and proxy represented 215,740,206 shares (including 171,176,024 shares which attended through electronic voting) accounting for 68.45 % of 315,178,126 shares, the Company's total outstanding shares.

Directors Present : Representative of PAIHO INT'L LIMITED : Shih-Chao Huang, Shih-Chang Ko, Lien-Fa Tsai, Cheng-Chu Lin, Yong-Jen Tsao, Yung-Fu Wu(convener of the audit committee and the compensation committee), Wen-Chang Chen, Kai-Li Wang .

Other Present : Auditor Shu-Chin Chiang, Lawyer Shih-Han Chang

Chairman : Mr. Kuo-Ian Cheng

Recorder: Yu-Min Chang

Call Meeting to Order:

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

Chairman's Address: Omitted.

Report Items

1. To report the business of 2022.

Please refer to Attachment 1 for 2022 Business Report.

2. Audit Committee's Review Report of 2022.

Please refer to Attachment 2 for Audit Committee's Review Report of 2022.

3. To report on the compensations distribution to employees and directors of 2022.

The Company's net profit before taxes for the distribution of compensation to the employees and remuneration to the directors in 2022 was in the amount of USD19,014,638. Employees compensation and directors remuneration resolved by the Board of Directors are as follows:

Unit:USD

Item	Persons Awarded	Amount of Payment by Board Resolution	Payment Method
Compensation to Employees	Employees	196,570	In Cash
Remuneration to Directors	Directors	160,389	In Cash
Total		356,959	

4. To report the cash dividends of earnings distribution for 2022.

(1) Total earnings available for appropriation at the end of the period amounted NT\$1,961,354,080, including NT\$1,531,513,538 from unappropriated earnings at the beginning of the period, added NT\$555,748,906 from the current net income and NT\$17,138,843 from remeasurement of defined benefit plans recognized in retained earnings, deducted NT\$70,493,760 from special reserves, and deducted NT\$72,553,447 from changes in equity of Subsidiaries.

(2) Please refer to Ratification Items 2 for Table of 2022 Earnings Distribution.

(3) In accordance with Memorandum and Articles of Association 120 (a) of the Company and approved by the Board of Directors, the dividend to shareholders of 2022 earnings will distribute NTD 63,035,626 in cash, with NT\$ 0.2 / share.

(4) If changes in the capital that influence the numbers of shares outstanding and effect changes in the shareholders' allotment ratio, it is proposed to authorized the Chairman to adjust related matters.

(5) The Board of Directors approved the cash dividend distribution proposal, and have authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividends will be calculated according to the common stock shareholders listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth.

The endorsements/guarantees of the Company are made mainly for the affiliated Company with more than 50% shareholdings held by the Company, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank. The total amount of endorsements/guarantees made by the Company as of the end of 2022 was in the amount of NT\$10,318,560 thousands, accounting for 185.3% of the Company's net worth on December 31, 2022. Please refer to Attachment 3.

6. To report the amendments to “Codes of Ethical Conduct”.

In order to strengthen and implement the Company's ethical corporate management and sound development, with reference to “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” and “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, the Board of Directors resolved to revise partial articles of the Company's “Codes of Ethical Conduct”, the Comparison Table of Amendments to “Codes of Ethical Conduct” is attached hereto as Attachment 4.

Ratification Items

1. To accept 2022 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (1) The Company’s 2022 Consolidated Financial Statements have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche, who have issued a independent auditors’ report. Please refer to Attachment 5.
- (2) Business Report, Please refer to Attachment 1.
- (3) 2022 Business Report, Consolidated Financial Statements, and the proposal for distribution of 2022 earnings have been reviewed and issued a review report by the Audit Committee.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:204,398,718 votes	96.63%
Disapproval Votes:279,915 votes	0.13%
Abstention Votes:6,838,814 votes	3.23%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby accepted as submitted.

2. To approve the proposal for distribution of 2022 earnings. (Proposed by the Board of Directors)

Explanation: Table of 2022 Earnings Distribution is as follows :

PAIHO SHIH HOLDINGS CORPORATION
Table of 2022 Earnings Distribution

Unit:NTD

Unappropriated retained earnings of previous years		\$1,531,513,538
+ 2022 net profit after tax	\$555,748,906	
+ Remeasurement of defined benefit plans recognized in retained earnings	17,138,843	
- Special reserve	(70,493,760)	
- Changes in equity of Subsidiaries	(72,553,447)	
Distributable retained earnings of current period		1,961,354,080
Distribution items		
Cash dividend (NT\$ 0.2 per share)	(63,035,626)	
Stock dividend (NT\$ 0.5 per share)	(157,589,060)	
Unappropriated retained earnings at the end of period		\$1,740,729,394

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

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes: 204,421,716 votes	96.64%
Disapproval Votes: 263,916 votes	0.12%
Abstention Votes: 6,831,815 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby accepted as submitted.

Discussion Items

1. Amendments to Memorandum and Articles of Association. (The proposal will be adopted by the special resolution.) (Proposed by the Board of Directors)

Explanation : In order to comply with the revision of regulations and operational needs, the Board proposed to amend partial articles of Memorandum and Articles of Association. Please refer to Attachment 6.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:204,405,294 votes	96.63%
Disapproval Votes:280,338 votes	0.13%
Abstention Votes:6,831,815 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby approved as proposed.

2. Issuance of new shares through capital increase of earnings. (Proposed by the Board of Directors)

Explanation :

- (1)In order to enrich the working capital, it is proposed to offer an amount of NT\$157,589,060 from the Company’s 2022 earnings as shareholders’ dividends for capitalization with 15,758,906 shares issued at NT\$10 per share. Shareholders’ dividends will be allocated according to the common stock shareholders listed in the registry and their shareholding ratio on the distribution base date. 50 shares gratuitously allotted for every thousand shares. If the new shares distributed to shareholders from this capital increase are in fractional unit shall be rounded up in one full share by the shareholders themselves within five days from the allotment date and registered with the Company's Depository Insitution. For those shares which cannot be consolidated within the specified period or still remain in fractional unit, cash will be distributed instead (rounded to the dollar), and the Chairman shall be authorized to designate specific persons for purchase of these at par value.
- (2)It is proposed that the shareholders' meeting will authorize the Board of Directors to set the timetable for allotment of shares from capital increase of earnings after approval at the Company's annual general shareholders' meeting.
- (3)The common stock issued currently are entitled to the same rights and obligations as the originally issued shares.
- (4)If the capital increase plan needs to be amended for any reason, it is proposed that the Shareholders’ Meeting authorize the Board of Directors to arrange further process.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:204,406,702 votes	96.63%
Disapproval Votes:278,930 votes	0.13%
Abstention Votes:6,831,815 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby approved as proposed.

3. Amendments to “Rules and Procedures for Shareholders’ Meeting”. (Proposed by the Board of Directors)

Explanation : It is proposed to amend partial articles of the Company’s “Rules and Procedures for Shareholders’ Meetings” to comply with Letter 1120004167 from Taiwan Stock Exchange Corporation of R.O.C. for amendments made to “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings” issued on March 17, 2023 and in response to actual operation needs. The Comparison Table of Amendments to “Rules and Procedures for Shareholders’ Meetings” is attached hereto as Attachment 7.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:204,405,292 votes	96.63%
Disapproval Votes:280,340 votes	0.13%
Abstention Votes:6,831,815 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby approved as proposed.

4. Amendments to “Operational Procedures for Loaning of Company Funds” (Proposed by the Board of Directors)

Explanation : It is proposed to amend partial articles of the Company’s “Operational Procedures for Loaning of Company Funds” referring to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Republic of China. The Comparison Table of Amendments to “Operational Procedures for Loaning of Company Funds” is attached hereto as Attachment 8.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:204,404,288 votes	96.63%
Disapproval Votes:281,343 votes	0.13%
Abstention Votes:6,831,816 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby approved as proposed.

5. Amendments to “Regulation Governing Making of Endorsements/ Guarantees”. (Proposed by the Board of Directors)

Explanation : In order to meet operational needs, the Board proposed to amend partial articles of the Company’s “Regulation Governing Making of Endorsements/ Guarantees”, the Comparison Table of Amendments to “Regulation Governing Making of Endorsements/ Guarantees” is attached hereto as Attachment 9.

Voting Results: Shares represented at the time of voting: 211,517,447

Voting Results	% of the Total Represented Share Present
Approval Votes:203,615,049 votes	96.26%
Disapproval Votes:1,070,582 votes	0.50%
Abstention Votes:6,831,816 votes	3.22%
Invalid Votes: none	0.00%

RESOLVED, that the above proposal was hereby approved as proposed.

Extraordinary motions : There being no extraordinary motions, the meeting was adjourned.

Meeting Adjourned

(This minutes of the 2023 Annual General Shareholders’ Meeting stated the meeting and the shareholders’ statements briefly. The content, the process and the shareholder’s statements of the meeting shall be referred to audio and video conference records.)
Shareholders did not raise any questions at this annual shareholders' meeting.

Chairman : Mr. Kuo-Ian Cheng

Recorder: Yu-Min Chang

Attachment 1

2022 Business Report

1. Business Implementation Outcome

Unit : NTD thousands

Item \ Year	2022	2021	Difference Amount	Difference %
Net Sales	8,072,805	10,141,094	(2,068,289)	(20.40)
Gross Profit	2,741,713	3,796,212	(1,054,499)	(27.78)
Profit from Operations	1,061,763	2,083,181	(1,021,418)	(49.03)
Profit Before Income Tax	879,212	2,143,340	(1,264,128)	(58.98)
Net Profit	555,863	1,332,568	(776,705)	(58.29)
Change and Difference Analysis: Revenue from property sales decreased in 2022 due to the construction completion and revenue recognized in 2021. In addition, due to tight epidemic control measures in China, along with material price and interest hikes, demands for traditional accessory materials dropped. Therefore, the consolidated revenue, operation margin and profit, and earnings before or after tax have gone down compared to 2021.				

2. Budget Execution: For the year of 2022, the Company has not established a financial forecast.

3. Financial Revenue/Expenditure and Profitability Analysis

Item		2022	2021
Capital Structure (%)	Debt Ratio	68.67	61.02
	Long-term Funds to Property, Plant and Equipment Ratio	75.17	175.76
Liquidity (%)	Current Ratio	63.58	155.78
	Quick Ratio	30.01	73.77
Profitability (%)	Return on Total Assets	4.31	8.29
	Return on Equity	9.67	22.44
	Net Profit Margin	6.89	13.14
	Earnings Per Share attributable to Shareholders of the Parent (NTD)	1.76	3.96

4. Status of Research and Development

The Company and all subsidiaries have dedicated research and development department or design centers which are responsible for the research and development of various products and manufacturing processes. The annual investment in research and development expenditures for more than 5% of revenue. The Company and all subsidiaries will continue with developing and innovating in products which according to the brand style and fashion trend. To enhance the product added value, meet different customers' needs, and increase the economic benefits of the enterprise.

The new product and research are planned for 2023 by the company and all subsidiaries include environmental soluble yarn spatial fabric research, water reactive printing with fabric research, integrated weaving of hollow jacquard wide and narrow webbing technology research, integrated weaving of space-dyed yarn jacquard elastic webbing technology research, stereoscopic pulpy printing with fabric research, waterproof polymer material laminated with upper fabric research, embossed texture screen printing on upper fabric research, and etc.

5. 2023 Business Plan Overview

(1) Operational Strategy

- (A) Keep strengthening R&D and innovation capabilities for ever-lasting product application expansion for better value added, new momentum and new market opportunities.
- (B) Enhance the overall service of product development to both international and Chinese brands with the cooperation focus on the brands of great potential to achieve a greater market share with multi dimensions.
- (C) Actively develop online sales and integrated information systems to fully utilize the integrated advantages of our online platform. Adjust and deploy offline selling models for broader marketing channels by combining with online ones, to boost a higher sales level in the post pandemic era.
- (D) Continue strengthening the R&D, production and marketing for products of jacquard engineered mesh to bring greater economic benefits.
- (E) Through sustainability development management, we hope to better corporate governance, bring about energy conservation & emission reduction, establish a green enterprise, promote recyclable economy, as well as valuing social responsibilities and employee care, so as to take the leadership for the value innovation, integration, green environment and sharing on the improving corporate management structure.

(2) Expected Sales Quantity and its Basis

On top of the traditional business of webbings, touched fasteners and elastics, we are striving to develop new products and product applications, enhance 3C-peripheral product lines and tap into supply chains for external fabrics to ensure the momentum for the Company's steady growth in the future.

(3) Important Production and Marketing Policies

- (A) We continue to broaden our customer base to form long-term and indispensable partnerships through creating new and eco-friendly products with the associated applications and setting up additional marketing locations.
- (B) To deploy the online selling platform, we have created a mobile digital catalog with an interactive search engine to enable total and integrated solutions for the customers of different sectors.
- (C) We improve and integrate our production for elevating the competitiveness from better cost structure and yield rate, along with shortened production period and labor saving through smartized facilities for higher automatic and AI manufacturing procedures.
- (D) We provide adjacent services to our brand customers and strengthen co-developments and marketing effect through establishing design development and marketing centers where brands are to foster long-term and strategic partner relations.

(E) We will continue the efforts to the environment via hardware transformation and software upgrade to stay on the path of green manufacturing.

(4) The Company's Future Development Strategy

(A) With the plan to be listed in China, we will be able leverage the diversified funding channels to increase the awareness of the Company's names and brand and to attract outstanding professional, so as to strengthen the capability to compete and brand influence for robust support and protection.

(B) We will offer timely and all-round services thorough the online selling and trading platform, self-developed and operated, along with teamwork from the worldwide production and service bases.

(C) We will continue the development work on accessory materials and external fabrics, as well as the production and selling capacities, to broaden the applications, integrate resources and create selling opportunities.

(D) We have always operated under the guideline of sustainability and corporate social responsibilities. Internally, we carry out a strict corporate governance policy, which has been constantly adjusted and upgraded, and the green-production concept, which resonates with our steadfast commitments to treat the environment right. We give back to the general public, as well as to our employees and shareholders for the maximized welfare to society.

(5) Impacts of External Competitive Environment, Regulatory Environment, and Overall Operating Environment

After three years of pandemic, global economy continues to slide. Coupled with the political turmoil brought by Russia-Ukraine War and China-U.S. tension, the global is recovering clumsily. The pandemic-control mandate in China was rather strict in the first part of 2022, which had limited the economic activities broadly and constrained corporate daily developments. With the relaxing control at 2022 end, it is expected the market will pick up the momentum gradually.

We have established and grown our footprint in China, while making the presentation in Southeast Asia, through the internal resource integration and continuous developments of high value added products and services. Due to the pandemic mandates, our business activities were inevitably contained in 2022; however, we expect a new run of market opportunities and developments, as the external business environment turns favorable under the greater macro trend, along with the long-established competitiveness and the operation flexibility and resilience capable of dealing with external adversaries.

Chairman :
Kuo-Ian Cheng

General Manager :
Hsin-Jung Cheng

Accounting Officer :
Yu-Min Chang

Attachment 2

Audit Committee's Review Report

The Board of Directors have prepared and submitted the Company's 2022 Consolidated Financial Statements that have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche. The Consolidated Financial Statements, 2022 Business Report and proposals of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of PAIHO SHIH HOLDINGS CORPORATION. Therefore, we hereby submit this report.

Sincerely,

2023 Annual General Shareholders' Meeting

PAIHO SHIH HOLDINGS CORPORATION

Yung-Fu Wu

Chairman of Audit Committee

April 20th, 2023

Attachment 3

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (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	\$ 5,829,831	\$ 2,892,810 (USD 103,000)	\$ 92,130 (USD 3,000)	\$ -	\$ -	1.58%	\$ 14,574,578	Yes	-	-
		Vietnam Paihong Limited Company	Note 1	5,829,831	5,408,205 (USD 183,000)	5,619,930 (USD 183,000)	4,350,286 (USD 141,657)	-	96.40%	14,574,578	Yes	-	-
		Hong Kong Best Expectation International Trading Limited	Note 1	5,829,831	4,458,000 (USD 150,000)	4,606,500 (USD 150,000)	1,468,859 (USD 47,830)	-	79.02%	14,574,578	Yes	-	-

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

Note 2: The amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall be limited to the net worth of the Corporation, and the total amount of endorsements/guarantees provided shall not exceed the guarantee limit.

Note 3: The total amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall not exceed 250% of the net worth of the Corporation.

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

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

Attachment 4

Comparison Table of Amendments to Codes of Ethical Conduct

Article No.	Amended Version	Original Version	Explanations
2	<p>1. Omitted.</p> <p>2. Prevent conflicts of interest: Conflicts of interest arise when personal interests or the Company’s overall interests are involved, for example, when directors, managers, or employees of the Company or subsidiaries are unable to handle official duties in an objective and efficient manner, or based on their positions in the company to obtain illegal gains for the principal, spouses, or second cousins. The transactions between the Company and the associates of the aforementioned personnel should be handled as follows: (1) Loaning of funds, it shall be handled according to the Group’s “Operational Procedures for Loaning of Company Funds;” (2) When guarantee is provided, it shall be handled in accordance with the Group’s “Regulation Governing Making of Endorsements/ Guarantees;” (3) For major assets transactions, it shall be handled in accordance with the Company’s “Procedures for Acquisition or Disposal of Assets;” (4) Purchase (sales) transactions shall be handled in accordance with the relevant provisions of the Group’s procurement and sales cycle. The Company</p>	<p>1. Omitted.</p> <p>2.Prevent conflicts of interest: Conflicts of interest arise when personal interests or the Company’s overall interests are involved, for example, when directors, managers, or employees of the Company or subsidiaries are unable to handle official duties in an objective and efficient manner, or based on their positions in the company to obtain illegal gains for the principal, spouses, parents, children, or second cousins. The transactions between the Company and the associates of the aforementioned personnel should be handled as follows: (1) Loaning of funds, it shall be handled according to the Group’s “Operational Procedures for Loaning of Company Funds;” (2) When guarantee is provided, it shall be handled in accordance with the Group’s “Regulation Governing Making of Endorsements/ Guarantees;” (3) For major assets transactions, it shall be handled in accordance with the Company’s “Procedures for Acquisition or Disposal of Assets;” (4) Purchase (sales) transactions shall be handled in accordance with the relevant provisions of the Group’s procurement and sales cycle. The Company</p>	<p>As reference to the amendments of “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” and “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

Article No.	Amended Version	Original Version	Explanations
	<p>formulates anti-conflict of interest policies in relevant internal control and management, and provides appropriate channels for directors, managers, and employees of the Company and subsidiaries to proactively explain whether they have potential conflicts of interest with the Company.</p> <p>3. Minimizing incentives to pursue personal gain: Directors, managers, and employees of the Company and subsidiaries shall prevent from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the Company has an opportunity for profit, it is the responsibility of the directors, managers, and employees of the Company and subsidiaries to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p><u>The Company’s insiders (including directors) are prohibited from trading their shareholding during the 30 days period prior to the announcement of the annual financial report</u></p>	<p>formulates anti-conflict of interest policies in relevant internal control and management, and provides appropriate channels for directors, managers, and employees of the Company and subsidiaries to proactively explain whether they have potential conflicts of interest with the Company.</p> <p>3. Minimizing incentives to pursue personal gain: Directors, managers, and employees of the Company and subsidiaries shall prevent from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the Company has an opportunity for profit, it is the responsibility of the directors, managers, and employees of the Company and subsidiaries to maximize the reasonable and proper benefits that can be obtained by the Company.</p>	

Article No.	Amended Version	Original Version	Explanations
	<p><u>and 15 days prior to the announcement of the quarterly financial report.</u></p> <p>4.-8. Omitted.</p> <p>9. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to an independent director, a managerial officer, a chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. To encourage reporting of illegal matters, the Company shall <u>stipulate a whistleblower system that allows anonymous reporting and protects the whistleblower’s identity from retaliation.</u></p> <p>(Omitted below.)</p>	<p>4.-8. Omitted.</p> <p>9. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to an independent director, a managerial officer, a chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. To encourage reporting of illegal matters, the Company shall <u>deal with the matters confidentially and objectively and ensure understanding from the employees that the whistleblowers will be protected from retaliation.</u></p> <p>(Omitted below.)</p>	
5	<p>The stipulation of the regulation <u>was approved by the Audit Committee, followed by the resolution and the reporting to the shareholders’ meeting by the Board. The subsequent amendments shall be applied only after the approval from the Audit Committee and the resolution from the Company’s Board of Directors.</u></p>	<p>The stipulation of the regulation <u>shall be approved by the Audit Committee and the Board of Directors, and submitted to shareholders meeting. The same applies in case of revision.</u></p>	<p>As reference to the amendments of “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” and “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and the wording of this article is modified.</p>

Attachment 5

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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, 2022 is described as follows:

Revenue Recognition

The Group is mainly engaged in the manufacturing and sale of touch fasteners, webbing (shoelaces), elastics, 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 has a significant impact on the operating revenue and profit of the Group. Therefore, we identified the recognition of sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

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

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,639,934	9	\$ 1,659,615	11
Financial assets at amortized cost - current (Notes 4 and 7)	-	-	53,923	-
Notes receivable (Notes 4 and 8)	169	-	7,110	-
Trade receivables (Notes 4 and 8)	1,058,032	6	1,466,432	10
Trade receivables - related parties (Notes 4, 8 and 27)	9,015	-	20,583	-
Other receivables	23,496	-	115,411	1
Inventories - manufacturing (Notes 4 and 9)	1,298,558	7	1,263,690	8
Inventories - constructing (Notes 4 and 9)	2,273,955	13	2,756,659	18
Other current assets (Note 14)	608,631	4	462,050	3
Total current assets	<u>6,911,790</u>	<u>39</u>	<u>7,805,473</u>	<u>51</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7 and 28)	114,723	1	19,470	-
Property, plant and equipment (Notes 4, 11 and 27)	9,189,388	52	5,802,130	38
Right-of-use assets (Notes 4 and 12)	966,504	5	882,577	6
Goodwill (Notes 4 and 13)	138,669	1	125,003	1
Other intangible assets (Note 4)	7,734	-	33	-
Deferred tax assets (Notes 4 and 22)	86,951	-	126,612	1
Prepayments for machinery and equipment	331,952	2	405,602	3
Other non-current assets (Note 14)	30,949	-	41,333	-
Total non-current assets	<u>10,866,870</u>	<u>61</u>	<u>7,402,760</u>	<u>49</u>
TOTAL	<u>\$ 17,778,660</u>	<u>100</u>	<u>\$ 15,208,233</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 5,661,809	32	\$ 1,777,536	12
Contract liabilities - current (Notes 4 and 20)	28,836	-	990,613	7
Trade payables	442,911	3	658,835	4
Trade payables - related parties (Note 27)	41,634	-	136,197	1
Other payables (Notes 16 and 27)	809,175	5	780,551	5
Current tax liabilities (Notes 4 and 22)	218,468	1	225,608	1
Lease liabilities - current (Notes 4 and 12)	1,937	-	7,882	-
Current portion of long-term borrowings (Note 15)	3,637,467	20	387,520	3
Other current liabilities	28,344	-	45,823	-
Total current liabilities	<u>10,870,581</u>	<u>61</u>	<u>5,010,565</u>	<u>33</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	497,199	3	3,607,124	24
Deferred tax liabilities (Notes 4 and 22)	565,362	3	422,483	3
Lease liabilities - non-current (Notes 4 and 12)	804	-	5,007	-
Deferred revenue - non-current (Note 4)	126,665	1	84,498	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	136,959	1	139,481	1
Guarantee deposits received	10,702	-	10,491	-
Total non-current liabilities	<u>1,337,691</u>	<u>8</u>	<u>4,269,084</u>	<u>28</u>
Total liabilities	<u>12,208,272</u>	<u>69</u>	<u>9,279,649</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	3,151,781	18	3,151,781	21
Capital surplus	456,751	2	456,751	3
Retained earnings				
Special reserve	497,668	3	418,225	2
Unappropriated earnings	2,031,850	11	2,398,903	16
Other equity	(568,162)	(3)	(497,668)	(3)
Total equity attributable to owners of the Corporation	<u>5,569,888</u>	<u>31</u>	<u>5,927,992</u>	<u>39</u>
NON-CONTROLLING INTERESTS	<u>500</u>	<u>-</u>	<u>592</u>	<u>-</u>
Total equity	<u>5,570,388</u>	<u>31</u>	<u>5,928,584</u>	<u>39</u>
TOTAL	<u>\$ 17,778,660</u>	<u>100</u>	<u>\$ 15,208,233</u>	<u>100</u>

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

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

	2022		2021	
	Amount	%	Amount	%
SALES (Notes 4, 20 and 27)	\$ 8,072,805	100	\$ 10,141,094	100
COST OF GOODS SOLD (Notes 4, 9, 20, 21 and 27)	<u>5,331,092</u>	<u>66</u>	<u>6,344,882</u>	<u>63</u>
GROSS PROFIT	<u>2,741,713</u>	<u>34</u>	<u>3,796,212</u>	<u>37</u>
OPERATING EXPENSES (Notes 4, 21 and 27)				
Selling and marketing expenses	728,928	9	739,938	7
General and administrative expenses	636,346	8	554,135	6
Research and development expenses	393,544	5	383,125	4
Expected credit loss recognized (reversed) on trade receivables (Note 8)	<u>(78,868)</u>	<u>(1)</u>	<u>35,833</u>	<u>-</u>
Total operating expenses	<u>1,679,950</u>	<u>21</u>	<u>1,713,031</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,061,763</u>	<u>13</u>	<u>2,083,181</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue	26,312	-	7,907	-
Finance costs (Notes 4 and 21)	(246,413)	(3)	(104,647)	(1)
Interest income	26,292	-	73,771	1
Other income (Notes 21 and 27)	64,248	1	99,081	1
Net loss on disposal of property, plant and equipment (Note 4)	(8,527)	-	(274)	-
Other expenses	(52,243)	(1)	(29,232)	-
Net foreign exchange gain (Notes 4 and 21)	54,743	1	13,553	-
Impairment loss recognized on property, plant and equipment (Note 4)	<u>(46,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(182,551)</u>	<u>(2)</u>	<u>60,159</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	879,212	11	2,143,340	21
INCOME TAX EXPENSE (Notes 4 and 22)	<u>323,349</u>	<u>4</u>	<u>810,772</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>555,863</u>	<u>7</u>	<u>1,332,568</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	17,139	-	10,893	-

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

	2022		2021	
	Amount	%	Amount	%
Foreign exchange differences on translation to presentation currency	586,522	7	(168,267)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(657,222)</u>	<u>(8)</u>	<u>133,051</u>	<u>1</u>
Other comprehensive loss for the year	<u>(53,561)</u>	<u>(1)</u>	<u>(24,323)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 502,302</u>	<u>6</u>	<u>\$ 1,308,245</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 555,749	7	\$ 1,248,644	12
Non-controlling interests	<u>114</u>	<u>-</u>	<u>83,924</u>	<u>1</u>
	<u>\$ 555,863</u>	<u>7</u>	<u>\$ 1,332,568</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 502,394	6	\$ 1,180,094	12
Non-controlling interests	<u>(92)</u>	<u>-</u>	<u>128,151</u>	<u>1</u>
	<u>\$ 502,302</u>	<u>6</u>	<u>\$ 1,308,245</u>	<u>13</u>
EARNINGS PER SHARE (Note 23)				
Basic	\$ <u>1.76</u>		\$ <u>3.96</u>	
Diluted	\$ <u>1.76</u>		\$ <u>3.96</u>	

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation							Non-controlling Interests (Notes 4 and 24)	Total Equity
	Capital Surplus (Notes 4, 19 and 24)		Changes in Percentage of Ownership Interest in Subsidiaries	Retained Earnings (Notes 4, 19 and 24)		Other Equity (Note 19)	Total		
	Common Stock (Notes 4 and 19)	Additional Paid-in Capital		Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 676,483	\$ 1,591,644	\$ (418,225)	\$ 5,463,227	\$ 484,487	\$ 5,947,714
Appropriation of 2020 earnings	-	-	-	(258,258)	258,258	-	-	-	-
Special reserve	-	-	-	-	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
Appropriation of 2021 earnings	-	-	-	79,443	(79,443)	-	-	-	-
Special reserve	-	-	-	79,443	(79,443)	-	-	-	-
Cash dividends	-	-	-	-	(787,945)	-	(787,945)	-	(787,945)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-
Actual acquisition of interests in subsidiaries	-	-	-	-	(72,553)	-	(72,553)	-	(72,553)
Net profit for the year ended December 31, 2022	-	-	-	-	555,749	-	555,749	114	555,863
Other comprehensive gain (loss) for the year ended December 31, 2022	-	-	-	-	17,139	(70,494)	(53,355)	(206)	(53,561)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	572,888	(70,494)	502,394	(92)	502,302
BALANCE AT DECEMBER 31, 2022	\$ 3,151,781	\$ 456,751	\$ -	\$ 497,668	\$ 2,031,850	\$ (568,162)	\$ 5,569,888	\$ 500	\$ 5,570,388

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 879,212	\$ 2,143,340
Adjustments		
Depreciation expense	663,555	619,028
Amortization expense	86	21
Expected credit loss recognized (reversed) on trade receivables	(78,868)	35,833
Finance costs	246,413	104,647
Interest income	(26,292)	(73,771)
Loss on disposal of property, plant and equipment	8,527	274
Impairment loss recognized on property, plant and equipment	46,963	-
Write-down of inventories	149,692	11,079
Unrealized foreign currency exchange loss (gain), net	(46,863)	24
Others	(7,406)	(55,523)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	459,820
Notes receivable	7,492	5,594
Trade receivables	634,105	(404,522)
Other receivables	101,416	(925)
Inventories - manufacturing	(49,027)	(301,170)
Inventories - constructing	270,734	275,049
Other current assets	(91,732)	(7,288)
Contract liabilities	(1,034,601)	(2,169,361)
Trade payables	(347,087)	337,673
Other payables	(236,175)	122,615
Increase in deferred revenue	48,728	-
Other current liabilities	(27,660)	40,960
Net defined benefit liabilities	13,387	14,718
Cash generated from operations	1,124,599	1,158,115
Interest received	26,292	73,771
Interest paid	(223,578)	(110,722)
Income tax paid	(235,207)	(723,380)
Net cash generated from operating activities	<u>692,106</u>	<u>397,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(905,610)	(2,223,091)
Proceeds from disposal of financial assets at amortized cost	932,296	2,668,871
Payments for property, plant and equipment	(2,655,462)	(454,117)
Proceeds from disposal of property, plant and equipment	11,756	11,881
Increase in refundable deposits	16,686	(28,265)
Payments for intangible assets	(7,827)	-
Decrease in other non-current assets	(2,342)	5,519
Increase in prepayments for machinery and equipment	(228,734)	(368,069)
Net cash used in investing activities	<u>(2,839,237)</u>	<u>(387,271)</u>

(Continued)

PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	3,564,424	(539,320)
Proceeds from long-term borrowings	2,213,395	4,316,640
Repayments of long-term borrowings	(2,472,530)	(5,115,237)
Refund of guarantee deposits received	(910)	(3,050)
Repayment of the principal portion of lease liabilities	(6,091)	(7,740)
Acquisition of additional interests in subsidiaries	-	(791,033)
Income taxes paid on disposal of subsidiaries	(72,553)	(229,496)
Dividends paid to owners of the Corporation	(787,945)	(315,178)
Dividends paid to non-controlling interests	<u>-</u>	<u>(74,527)</u>
Net cash generated from (used in) financing activities	<u>2,437,790</u>	<u>(2,758,941)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(310,340)</u>	<u>(13,141)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,681)	(2,761,569)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,659,615</u>	<u>4,421,184</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,639,934</u>	<u>\$ 1,659,615</u>

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

PAIHO SHIH HOLDINGS CORPORATION
Revision Comparison Chart of Memorandum and Articles of Association

No.	Amended version	Original version	Explanations
12(D)	<p>After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no less than <u>one thousandth (0.1%)</u>one percent (1%) of the income before tax, employee bonuses under this Article 12(D) and director bonuses under Article 80(C), to pay to the employees of the Company and its subsidiaries, either in the form of Shares newly issued for such purpose or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting. If the Directors resolves to <u>have the profit distributed by Shares</u> issue Shares to any employee of the Company or its subsidiaries in accordance with this Article 12(D), <u>the Directors may resolve such to issue new Shares at the same meeting of the Directors.</u> Shares shall be issued credited as fully paid, and the Company shall capitalise all or any part of the amount for the time being standing to the credit of the Company's profit and loss account by applying such sum in paying up in full the issue price of such Shares.</p>	<p>After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no less than one percent (1%) of the income before tax, employee bonuses under this Article 12(D) and director bonuses under Article 80(C), to pay to the employees of the Company and its subsidiaries, either in the form of Shares newly issued for such purpose or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting. If the Directors resolves to issue Shares to any employee of the Company or its subsidiaries in accordance with this Article 12(D), such Shares shall be issued credited as fully paid, and the Company shall capitalise all or any part of the amount for the time being standing to the credit of the Company's profit and loss account by applying such sum in paying up in full the issue price of such Shares.</p>	Modified due to operational needs.

No.	Amended version	Original version	Explanations
32	<p>(A) In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 31(A) is adopted by general meeting in accordance with the provisions of these Articles, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting, may request the Company to redeem all of his Shares at the then prevailing fair price by stating the request price in written notice within 20 days since the resolution of the general meeting; provided, however, that no Shareholder shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 31(A). In the event the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to</p>	<p>(A) In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 31(A) is adopted by general meeting in accordance with the provisions of these Articles, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting, may request the Company to redeem all of his Shares at the then prevailing fair price by stating the request price in written notice within 20 days since the resolution of the general meeting; provided, however, that no Shareholder shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 31(A). In the event the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to</p>	<p>In line with the Amendments to the Protection of Shareholders' Rights and Interests in the place of registration of foreign issuers promulgated by TWSE in January 2023.</p>

No.	Amended version	Original version	Explanations
	<p>agree the price request by the Shareholder if the Company fails to pay the payment within 90 days since the resolution of the general meeting.</p> <p>(B) In the event that any part of the Company’s business is spun off or involved in any acquisition, Share Exchange, Merger with any other company, the Shareholder, who has forfeited his right to vote <u>or voted against</u> on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the further event that the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay within 90 days since the resolution of the general meeting. If no agreement is reached within 60 days since the resolution</p>	<p>agree the price request by the Shareholder if the Company fails to pay the payment within 90 days since the resolution of the general meeting.</p> <p>(B) In the event that any part of the Company’s business is spun off or involved in any acquisition, Share Exchange, Merger with any other company, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the further event that the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay within 90 days since the resolution of the general meeting. If no agreement is reached within 60 days since the resolution of the general meeting, the</p>	

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	<p>of the general meeting, the Company shall plead the court for a ruling on the price against all the Shareholders who do not reach an agreement of the price with the Company as the opposite parties within 30 days from such the period. The pleading may be governed by Taiwan Taipei District Court for the first instance.</p> <p><u>(C) Shares for which voting right has been waived by Shareholder with respect to resolutions prescribed in the preceding paragraph shall not be counted in the number of votes of Shareholders present at the general meeting.</u></p>	<p>Company shall plead the court for a ruling on the price against all the Shareholders who do not reach an agreement of the price with the Company as the opposite parties within 30 days from such the period. The pleading may be governed by Taiwan Taipei District Court for the first instance.</p>	
44	<p>(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as ad hoc motions: <u>The aforementioned contents may be published on the website designated by the Commission or the Company, and the URL of the website shall be set forth in the notice of the general meeting:</u></p> <p>...</p>	<p>(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as ad hoc motions:</p> <p>...</p>	Modified due to actual operational needs.
72	<p>Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five (5) Directors and no more than <u>eleventen (1110)</u> Directors, the exact number of Directors to be determined from time to time solely by</p>	<p>Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five (5) Directors and no more than ten (10) Directors, the exact number of Directors to be determined from time to time solely by an Ordinary</p>	Modified due to operational needs.

No.	Amended version	Original version	Explanations
	<p>an Ordinary Resolution of the general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association. During the period in which the Company is listed on TWSE or TPEX, Directors with registered residence address in the R.O.C. shall constitute more than half of the members of the Board, and the Directors shall include such number of Independent Directors two of whom shall have registered residence address in R.O.C. The qualifications of such Independent Directors shall be in compliance with applicable law, rules or regulations or the Applicable Listing Rules or other applicable R.O.C. Laws required for a foreign issuer.</p>	<p>Resolution of the general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association. During the period in which the Company is listed on TWSE or TPEX, Directors with registered residence address in the R.O.C. shall constitute more than half of the members of the Board, and the Directors shall include such number of Independent Directors two of whom shall have registered residence address in R.O.C. The qualifications of such Independent Directors shall be in compliance with applicable law, rules or regulations or the Applicable Listing Rules or other applicable R.O.C. Laws required for a foreign issuer.</p>	
109(A)	<p>A Director who has a personal interest in the matter under discussion at a Board meeting shall explain the nature and essential contents of such personal interest to the Board. In the event of any merger/consolidation and acquisition of the Company, any Director who has a personal interest in the transaction shall explain the essential contents and the reason of its approval or dissent to the resolution of merger/consolidation and acquisition to the Board and at the general meeting. <u>The Company shall also clarify the essential contents of</u></p>	<p>A Director who has a personal interest in the matter under discussion at a Board meeting shall explain the nature and essential contents of such personal interest to the Board. In the event of any merger/consolidation and acquisition of the Company, any Director who has a personal interest in the transaction shall explain the essential contents and the reason of its approval or dissent to the resolution of merger/consolidation and acquisition to the Board and at the general meeting. Where the spouse of a Director, or a blood relative</p>	<p>In line with the Amendments to the Protection of Shareholders' Rights and Interests in the place of registration of foreign issuers promulgated by TWSE in January 2023.</p>

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	<p><u>such personal interest and the reason of its approval or dissent to the resolution of the merger/consolidation and acquisition in the notice of the general meeting. The aforementioned contents may be published on the website designated by the Commission or the Company, and the URL of the website shall be set forth in the notice of the general meeting.</u> Where the spouse of a Director, or a blood relative within the second degree of kinship of a Director, or any companies, which have a controlling or subordinate relation with a Director, who has a personal interests in the matters under discussion at a meeting of the board of Directors, such Director shall be deemed to have a personal interest in the matter.</p>	<p>within the second degree of kinship of a Director, or any companies, which have a controlling or subordinate relation with a Director, who has a personal interests in the matters under discussion at a meeting of the board of Directors, such Director shall be deemed to have a personal interest in the matter.</p>	

Attachment 7

Comparison Table of Amendments to Rules and Procedures for Shareholders' Meeting

Article No.	Amended Version	Original Version	Explanations
4.2.1	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1 Unless otherwise provided by law or regulation, the Shareholders' meeting of the Company shall be convened by the board of directors. <u>Unless otherwise provided in the "Regulations Governing the Administration of Shareholder Services of Public Companies", a company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation, and obtain a resolution of its board of directors meeting with approval by a majority vote of the directors attended by two-thirds or more of the directors.</u></p> <p>4.2.1.2 ~ 4.2.1.4 Omitted.</p> <p>4.2.1.5 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization</p>	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1 Unless otherwise provided by law or regulation, the Shareholders' meeting of the Company shall be convened by the board of directors.</p> <p>4.2.1.2 ~ 4.2.1.4 Omitted.</p> <p>4.2.1.5 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization</p>	<p>Revised, in accordance with Article 3 of the sample template for "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of Republic of China and in response to actual operation needs.</p>

Article No.	Amended Version	Original Version	Explanations
	<p>of retained Earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), <u>Article 26-1 and 43-6 of the Securities and Exchange Act of Republic of China, or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers of the Republic of China</u> shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p>4.2.1.6 Omitted.</p>	<p>of retained Earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.</p> <p>4.2.1.6 Omitted.</p>	
4.2.5.4	<p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. <u>When a juristic person is appointed to attend as proxy, it may designate only one</u></p>	<p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting.</p>	<p>Partial content of Article 4.12 were renumbered as 4.2.5.4</p>

Article No.	Amended Version	Original Version	Explanations
	<u>person to represent it in the meeting.</u>		
4.12	When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.	When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.	Partial content of Article 4.12 were renumbered as 4.2.5.4
4.13A	Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The paragraph above does not apply to <u>4.10- 4.12.</u>	Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The paragraph above does not apply to the second half <u>from</u> 4.10-4.12.	Partial content of Article 4.12 were renumbered as 4.2.5.4 and the wording of this article is modified.
4.26	When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online. <u>Unless under a circumstance set forth in Article 44-9-6, the Regulations Governing the Administration of Shareholder Service, shall at least provide shareholders of network connection equipment and necessary assistance, also specifies the application period with the Company and other related matters requires attentions.</u>	When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.	Revised, in accordance with Article 22 of the sample template for "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of Republic of China.

Attachment 8

Comparison Table of Amendments to Operational Procedures for Loaning of Company Funds

Article No.	Amended Version	Original Version	Explanations
4.4	<p>Application Procedure :</p> <p>4.4.1 The borrower applies to the Company for a loan. An application form should be filled out for a preliminary evaluation of the responsible clerk on the intended fund use and financial position. The responsible departments are:</p> <p>4.4.1.1 Associates: Handled by the Finance Department.</p> <p>4.4.1.2 A Subcontractor: Handled by the Purchasing Department.</p>	<p>Application Procedure :</p> <p>4.4.1 The borrower applies to the Company for a loan. An application form should be filled out for a preliminary evaluation of the responsible clerk on the intended fund use and financial position. The responsible departments are:</p> <p>4.4.1.1 Associates: Handled by the Finance Department.</p> <p>4.4.1.2 A Subcontractor or Satellite Factory: Handled by the Purchasing Department.</p>	The wording of this article is modified.
4.5	<p>Limit of Loan Amount:</p> <p>4.5.1 An invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 40% of the Company's net worth.</p> <p>4.5.2 Omitted.</p> <p>4.5.3 Loaning of funds between companies that have 100% voting right held by the Company directly or indirectly is not subject to the provision of Article 4.5.1. The loaning amount on each borrower and the total amount of funds is limited to 100% of the loaning company's net worth. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.</p>	<p>Limit of Loan Amount:</p> <p>4.5.1 A subcontractor, satellite factory, or a invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 40% of the Company's net worth.</p> <p>4.5.2 Omitted.</p> <p>4.5.3 The Company's loaning of funds to companies that have 100% of the voting rights held by the Company directly or indirectly are not subject to the provision of Article 4.5.1. The company engages in loaning of fund to each borrower is limited to 40% of the Company's net worth. Loaning of funds between companies that have 100% voting right held by the Company directly or indirectly is also not subject to the provision of Article 4.5.1. The loaning amount on each</p>	The wording of this article is modified.

Article No.	Amended Version	Original Version	Explanations
	4.5.4~4.5.5 Omitted.	<p>borrower and the total amount of funds is limited to 100% of the loaning company's net worth. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.</p> <p>4.5.4~4.5.5 Omitted.</p>	
4.13	<p>When a subsidiary of the company planning to loan funds to others, the company shall appoint a subsidiary formulate its loan operating procedures, <u>and shall implement its loans of funds in accordance with its operating procedures.</u></p>	<p>When a subsidiary of the company planning to loan funds to others, the company shall appoint a subsidiary formulate its loan operating procedures.</p>	<p>Revised, as reference to Article 10 of "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" of Republic of China.</p>

Attachment 9

Comparison Table of Amendments to Regulation Governing Making of Endorsements/Guarantees

Article No.	Amended Version	Original Version	Explanations
4.3	<p>Total amount of endorsements/guarantees of the Company:</p> <p>4.3.1 Total amount of endorsements/guarantees of the Company shall not exceed 400% of the Company's net worth on the latest financial statement.</p> <p>4.3.2 The endorsements/guarantees amount as stipulated in Article 4.2.2 and Article 4.2.3 and the endorsements/guarantees amount between the companies with 100% voting rights held by the Company shall not exceed 250% of the Company's net worth; however, the total amount may not exceed the threshold stipulated in Article 4.3.1.</p> <p>4.3.3~4.3.4 Omitted.</p> <p>4.3.5 The ceilings on the amount permitted to a single entity of the Company and Subsidiary shall not exceed 250% of the Company's net worth.</p> <p>4.3.6 Total amount of endorsements/guarantees of the Company and Subsidiaries as a whole shall not exceed 400% of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p>	<p>Total amount of endorsements/guarantees of the Company:</p> <p>4.3.1 Total amount of endorsements/guarantees of the Company shall not exceed 250% of the Company's net worth on the latest financial statement.</p> <p>4.3.2 The endorsements/guarantees amount as stipulated in Article 4.2.2 and Article 4.2.3 and the endorsements/guarantees amount between the companies with 100% voting rights held by the Company shall not exceed 100% of the Company's net worth; however, the total amount may not exceed the threshold stipulated in Article 4.3.1.</p> <p>4.3.3~4.3.4 Omitted.</p> <p>4.3.5 The ceilings on the amount permitted to a single entity of the Company and Subsidiary shall not exceed 100% of the Company's net worth.</p> <p>4.3.6 Total amount of endorsements/guarantees of the Company and Subsidiaries as a whole shall not exceed 250% of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p>	<p>In accordance with the needs of operation.</p>

4.13	<p>When a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own regulations for endorsements/guarantees, <u>and it shall comply with the regulations when making endorsements/guarantees.</u></p>	<p>When a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own regulations for endorsements/guarantees.</p>	<p>Revised, as reference to Article 13 of “Regulations Governing Loaning of Funds and Making of Endorsements /Guarantees by Public Companies” of Republic of China.</p>
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