Stock Code: 9938

Taiwan Paiho Limited and Subsidiaries

Consolidated Financial Statements and CPA Review Report

Second Quarter, 2025 and 2024

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CPA Review Report

To: Taiwan Paiho Limited

Foreword

We have reviewed the accompanying consolidated financial statements of Taiwan Paiho Limited and its subsidiaries (collectively the “Group”) , which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the consolidated statements of comprehensive income for the three and six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended June 30, 2025 and 2024, and the notes to the consolidated financial statements (including a summary of significant accounting policies). It is the responsibility of the management to fairly present the consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Report” recognized and announced by Financial Supervisory Commission. Our responsibility is to make a conclusion on the consolidated financial reports based on the review results.

Scope

We conducted our review in accordance with the Statement of Auditing Standards No. 2410 - “Review of Interim Financial.” The review procedure of the consolidated financial statement includes inquiry (mainly with the personnel charged with finance and accounting duties), analytic procedure, and other review procedures. As the scope of review is much smaller than an audit, we may not be able to detect all material items which could be detected in an audit. We therefore cannot present an audit opinion.

Basis of Qualified Conclusion

As stated in Note 10 to the Consolidated Financial Statements, the financial statements of some of the crucial subsidiaries included in the aforementioned consolidated financial statements covering the same period have not been reviewed. The total assets as of June 30, 2025 and 2024 amounted to NT$3,212,156 thousand and NT$3,487,042 thousand, representing 10% and 11% of total consolidated assets, respectively; total liabilities amounted to NT$794,109 thousand and NT$1,131,233 thousand, representing 5% and 7% of total consolidated liabilities, respectively. The total comprehensive income for the three and six months ended June 30, 2025 and 2024 amounted to NT$12,391 thousand, NT$197,769 thousand, NT$127,776 thousand, and

NT$224,193 thousand, representing 1%, 36%, 25%, and 18% of total consolidated comprehensive income, respectively.

Qualified Conclusion

According to our review results, except that the financial statements of some non-significant subsidiaries mentioned in the paragraph basis of qualified conclusion may have an adjustment impact on the consolidated financial statements if reviewed by CPAs, it is found that the consolidated financial statements above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS No. 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission and should not lead to the inability to properly express the consolidated financial status of the Taiwan Paiho Group as of June 30, 2025 and 2024, the consolidated financial performance for the three months ended June 30, 2025 and 2024, and the consolidated financial performance and consolidated cash flow for the six months ended June 30, 2025 and 2024.

Deloitte & Touche
Taiwan

Ting-Chien Su, CPA
Shao-Chun Wu, CPA
August 7, 2025

Notice to Readers

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 financial statements shall prevail.

Taiwan Paiho Limited and Subsidiaries

Consolidated Balance Sheets

June 30, 2025, and December 31 and June 30, 2024

(In Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024	
Code	Asset	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 3,364,797	11	$ 3,727,681	11	$ 3,720,024	11
1136	Financial assets at amortized cost – current (Notes 7 and 27)	-	-	-	-	159,006	1
1150	Notes receivable (Note 8)	46,822	-	44,659	-	64,094	-
1170	Accounts receivable (Note 8)	2,307,177	8	2,594,767	8	2,560,574	8
1200	Other receivables	282,198	1	402,918	1	260,066	1
1310	Inventories – manufacturing (Note 9)	2,837,141	9	2,803,371	9	2,759,845	8
1320	Inventories – constructing (Note 9)	1,340,083	4	1,596,150	5	2,080,561	6
1470	Other current assets (Note 15)	680,732	2	635,065	2	936,916	3
11XX	Total current assets	10,858,950	35	11,804,611	36	12,541,086	38
	Non-current assets						
1535	Financial assets at amortized cost – non-current (Notes 7 and 27)	206,022	1	12,948	-	64,480	-
1600	Property, plant and equipment (Note 11)	15,358,030	50	16,977,350	52	17,637,946	54
1755	Right-of-use assets (Notes 12 and 26)	1,399,884	5	1,596,868	5	1,474,581	4
1760	Investment property (Notes 12 and 13)	1,584,535	5	1,518,656	5	330,001	1
1805	Goodwill (Note 14)	164,871	1	186,091	-	183,277	1
1821	Other intangible assets	17,746	-	21,243	-	22,720	-
1840	Deferred income tax assets (Note 23)	400,689	1	270,855	1	172,714	1
1915	Prepayment for machinery and equipment	541,564	2	238,033	1	291,975	1
1995	Other non-current assets (Note 15)	99,692	-	109,293	-	116,833	-
15XX	Total non-current assets	19,773,033	65	20,931,337	64	20,294,527	62
1XXX	Total assets	$ 30,631,983	100	$ 32,735,948	100	$ 32,835,613	100
Code	Liabilities and equity						
	Current liabilities						
2102	Short-term borrowings (Notes 16 and 27)	$ 6,398,566	21	$ 6,876,810	21	$ 8,296,913	25
2130	Contract liabilities – current (Note 21)	29,962	-	29,646	-	40,552	-
2150	Notes payable	42,799	-	52,682	-	84,927	-
2170	Accounts payable	506,095	2	469,241	2	559,723	2
2200	Other payables (Note 17)	1,958,954	6	1,345,081	4	1,343,565	4
2230	Current tax liabilities (Note 23)	435,181	2	427,621	2	391,166	1
2280	Lease liabilities – current (Notes 12 and 26)	23,028	-	24,601	-	8,490	-
2320	Current portion of long-term borrowings (Note 16)	308,955	1	334,962	1	461,136	2
2399	Other current liabilities	46,546	-	50,414	-	34,078	-
21XX	Total current liabilities	9,750,086	32	9,611,058	30	11,220,550	34
	Non-current liabilities						
2540	Short-term borrowings (Note 16)	3,548,346	12	4,258,543	13	4,017,737	12
2570	Deferred income tax liabilities (Note 23)	1,791,458	6	1,848,381	6	1,708,114	5
2580	Lease liabilities – non-current (Notes 12 and 26)	154,256	-	182,140	-	27,438	-
2630	Deferred revenue – non-current	100,115	-	113,407	-	116,319	1
2640	Net defined benefit liabilities – non-current (Note 18)	187,811	1	183,371	1	183,834	1
2645	Guarantee deposits received	21,560	-	19,690	-	17,765	-
25XX	Total non-current liabilities	5,803,546	19	6,605,532	20	6,071,207	19
2XXX	Total liabilities	15,553,632	51	16,216,590	50	17,291,757	53
	Equity attributable to owners of the parent company						
3110	Capital of ordinary shares	2,979,639	10	2,979,639	9	2,979,639	9
3200	Capital surplus	742,240	2	742,037	2	742,037	2
	Retained earnings						
3310	Legal reserve	2,197,278	7	2,051,970	6	2,051,970	6
3320	Special reserve	-	-	255,987	1	255,987	1
3350	Unappropriated earnings	6,827,537	23	6,952,534	21	6,181,108	19
3400	Other equity interest	(793,244)	(3)	221,582	1	137,999	-
31XX	Total equity attributable to owners of the parent company	11,953,450	39	13,203,749	40	12,348,740	37
36XX	Non-controlling interests	3,124,901	10	3,315,609	10	3,195,116	10
3XXX	Total equity	15,078,351	49	16,519,358	50	15,543,856	47
	Total liabilities and equity	$ 30,631,983	100	$ 32,735,948	100	$ 32,835,613	100

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the review report of Deloitte & Touche Taiwan on August 7, 2025)

Chairman: Sen-Mei Cheng　　General Manager: Cheng-Wei Cheng　　Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries

Consolidated Statements of Comprehensive Income

April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024

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

		April 1 to June 30, 2025		April 1 to June 30, 2024		January 1 to June 30, 2025		January 1 to June 30, 2024	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net amount of operating income (Note 21)	$ 3,589,622	100	$ 3,721,560	100	$ 7,839,699	100	$ 7,276,753	100
5000	Operating cost (Notes 9, 22 and 26)	2,348,158	65	2,348,570	63	4,954,847	63	4,672,859	64
5950	Gross profit	1,241,464	35	1,372,990	37	2,884,852	37	2,603,894	36
	Operating expenses (Notes 22 and 26)								
6100	Sales and marketing expenses	344,898	10	318,037	8	698,401	9	622,718	8
6200	General and administrative expenses	236,526	6	256,788	7	507,242	7	484,861	7
6300	Research and development expenses	132,736	4	132,993	4	259,729	3	237,886	3
6450	Expected credit impairment loss (reversal gain) (Note 8)	(31)	-	3,503	-	(11,236)	-	(8,354)	-
6000	Total operating expenses	714,129	20	711,321	19	1,454,136	19	1,337,111	18
6900	Net operating profit	527,335	15	661,669	18	1,430,716	18	1,266,783	18
	Non-operating income and expenses								
7100	Interest income	11,339	1	18,018	-	17,914	-	31,327	-
7010	Other income (Note 22)	43,972	1	26,619	1	84,281	1	44,223	1
7020	Other net loss amount (Note 22)	(104,344)	(3)	(24,885)	(1)	(126,436)	(1)	(28,704)	-
7050	Financial costs (Notes 22 and 26)	(138,854)	(4)	(124,713)	(3)	(288,256)	(4)	(256,959)	(4)
7000	Total non-operating income and expenses Total	(187,887)	(5)	(104,961)	(3)	(312,497)	(4)	(210,113)	(3)
7900	Net profit before tax	339,448	10	556,708	15	1,118,219	14	1,056,670	15
7950	Income tax expense (Note 23)	99,698	3	146,441	4	314,195	4	279,829	4
8200	Net profit for the period	239,750	7	410,267	11	804,024	10	776,841	11
	Other comprehensive income (loss)								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Difference from conversion of financial statements of foreign operations.	(1,853,237)	(52)	161,080	4	(1,610,356)	(21)	551,004	7
8399	Income tax related to items that are subject to reclassification (Note 23)	324,528	9	(23,315)	-	289,117	4	(98,497)	(1)
		(1,528,709)	(43)	137,765	4	(1,321,239)	(17)	452,507	6
8500	Total comprehensive income (loss) of the current period	($ 1,288,959)	(36)	$ 548,032	15	($ 517,215)	(7)	$ 1,229,348	17
	Net profit attributable to:								
8610	Owners of the parent company	$ 200,836	6	$ 349,041	9	$ 658,216	8	$ 681,658	10
8620	Non-controlling interests	38,914	1	61,226	2	145,808	2	95,183	1
8600		$ 239,750	7	$ 410,267	11	$ 804,024	10	$ 776,841	11
	Total comprehensive income (loss) attributed to:								
8710	Owners of the parent company	($ 955,635)	(27)	$ 442,299	12	($ 356,610)	(5)	$ 1,075,644	15
8720	Non-controlling interests	(333,324)	(9)	105,733	3	(160,605)	(2)	153,704	2
8700		($ 1,288,959)	(36)	$ 548,032	15	($ 517,215)	(7)	$ 1,229,348	17
	Earnings per share (Note 24)								
9750	Basic	$ 0.67		$ 1.17		$ 2.21		$ 2.29	
9850	Diluted	$ 0.67		$ 1.17		$ 2.21		$ 2.29	

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

(Please refer to the review report of Deloitte & Touche Taiwan on August 7, 2025)

Chairman: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		Equity Attributable to shareholders of the parent Company (Note 20)								
				Retained earnings			Other equity interest			
Code		Capital of ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Difference from conversion of financial statements of foreign operations.	Total	Non-controlling interests	Total Equity
A1	Balance on January 1, 2024	$ 2,979,639	$ 733,180	$ 1,991,645	$ 170,388	$ 5,943,338	($ 255,987)	$ 11,562,203	$ 2,338,929	$ 13,901,132
C3	From donations and gifts	-	124	-	-	-	-	124	-	124
	Appropriation and distribution of earnings in 2023									
B1	Legal reserve	-	-	60,325	-	(60,325)	-	-	-	-
B3	Special reserve	-	-	-	85,599	(85,599)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(297,964)	-	(297,964)	-	(297,964)
M7	Changes in ownership interests in subsidiaries	-	8,733	-	-	-	-	8,733	702,483	711,216
D1	Net profit from January 1 to June 30, 2024	-	-	-	-	681,658	-	681,658	95,183	776,841
D3	Other after-tax comprehensive income from January 1 to June 30, 2024	-	-	-	-	-	393,986	393,986	58,521	452,507
D5	Total comprehensive income from January 1 to June 30, 2024	-	-	-	-	681,658	393,986	1,075,644	153,704	1,229,348
Z1	Balance on June 30, 2024	$ 2,979,639	$ 742,037	$ 2,051,970	$ 255,987	$ 6,181,108	$ 137,999	$ 12,348,740	$ 3,195,116	$ 15,543,856
A1	Balance on January 1, 2025	$ 2,979,639	$ 742,037	$ 2,051,970	$ 255,987	$ 6,952,534	$ 221,582	$ 13,203,749	$ 3,315,609	$ 16,519,358
C3	From donations and gifts	-	203	-	-	-	-	203	-	203
	Appropriation and distribution of earnings in 2024									
B1	Legal reserve	-	-	145,308	-	(145,308)	-	-	-	-
B17	Reversal of special reserve	-	-	-	(255,987)	255,987	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(893,892)	-	(893,892)	-	(893,892)
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	(30,103)	(30,103)
D1	Net profit from January 1 to June 30, 2025	-	-	-	-	658,216	-	658,216	145,808	804,024
D3	Other after-tax comprehensive income (loss) from January 1 to June 30, 2025	-	-	-	-	-	(1,014,826)	(1,014,826)	(306,413)	(1,321,239)
D5	Total comprehensive income (loss) from January 1 to June 30, 2025	-	-	-	-	658,216	(1,014,826)	(356,610)	(160,605)	(517,215)
Z1	Balance on June 30, 2025	$ 2,979,639	$ 742,240	$ 2,197,278	$ -	$ 6,827,537	($ 793,244)	$ 11,953,450	$ 3,124,901	$ 15,078,351

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

(Please refer to the review report of Deloitte & Touche Taiwan on August 7, 2025)

Chairman: Sen-Mei Cheng　　General Manager: Cheng-Wei Cheng　　Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		January 1 to June 30, 2025	January 1 to June 30, 2024
	Cash flows from operating activities		
A10000	Profit before income tax	$ 1,118,219	$ 1,056,670
A20010	Incomes and expense items:		
A20100	Depreciation expense	735,521	649,111
A20200	Amortization expense	1,646	1,814
A20300	Gain from reversal of impairment expected credit impairment loss	(11,236)	(8,354)
A20900	Finance costs	288,256	256,959
A21200	Interest income	(17,914)	(31,327)
A22500	Net loss from disposal of property, plant and equipment	101	812
A23700	Impairment loss recognized on non-financial assets (reversal gain)	(6,045)	62,546
A24100	Unrealized exchange loss	40,723	3,740
A29900	Others	(3,750)	(3,427)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(2,513)	9,223
A31150	Accounts receivable	29,230	(451,482)
A31180	Other receivables	53,509	(47,906)
A31200	Inventories – manufacturing	(316,825)	(36,715)
A31200	Inventories – construction	22,039	13,191
A31240	Other current assets	(119,747)	171,445
A32125	Contractual liabilities	316	20,126
A32130	Notes payable	(9,883)	2,428
A32150	Accounts payable	96,211	86,179
A32180	Other payables	(209,270)	(257,442)
A32230	Other current liabilities	363	(10,636)
A32240	Net defined benefit liabilities	28,690	(41,234)
A33000	Cash generated from operations	1,717,641	1,445,721
A33100	Interest received	17,914	31,327
A33300	Interest paid	(294,584)	(253,745)
A33500	Income tax paid	(129,543)	(619,546)
AAAA	Net cash generated from operating activities	1,311,428	603,757

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Code		January 1 to June 30, 2025	January 1 to June 30, 2024
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	($ 219,073)	($ 147,068)
B00050	Proceeds from disposal of financial assets at amortized cost	8,539	282,658
B05350	Payments for right-of-use assets	(2,811)	-
B05400	Obtain investment property	(55)	-
B02700	Payments for property, plant and equipment	(237,114)	(771,715)
B02800	Proceeds from disposal of property, plant and equipment	15,219	158
B03700	Decrease in refundable deposits	21,501	203
B04500	Procurement of intangible assets	-	(2,500)
B06800	Increase in other non-current assets	(11,900)	(16,084)
B07100	Increase of prepayment for machinery and equipment	(612,896)	(138,336)
BBBB	Net cash used in investing activities	(1,038,590)	(792,684)
	Cash flow from financing activities		
C00100	Proceeds (repayments of) from short-term borrowings	252,787	(569,909)
C01600	Proceeds from long-term borrowings	201,802	978,542
C01700	Repayment of long-term borrowings	(613,124)	(1,131,207)
C03000	Proceeds from guarantee deposits received	4,309	1,209
C04020	Repayment of the principal portion of lease liabilities	(11,846)	(9,464)
C05800	Changes in non-controlling interests	-	711,216
C09900	Unclaimed overdue dividend	203	124
CCCC	Net cash outflow from financing activities	(165,869)	(19,489)
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(469,853)	167,351
EEEE	Net decrease of cash and cash equivalents	(362,884)	(41,065)
E00100	Balance of cash and cash equivalents at the beginning of period	3,727,681	3,761,089
E00200	Cash and cash equivalents at the end of period	$ 3,364,797	$ 3,720,024

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

(Please refer to the review report of Deloitte & Touche Taiwan on August 7, 2025)

Chairman: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

Taiwan Paiho Limited and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

I. Company History

Taiwan Paiho Limited (hereinafter referred to as "the Company") was incorporated in January 1985. It manufactures and sells touch fasteners, webbing, shoelaces, elastic, easy tape and relevant superficial materials as well as the sale of residential buildings constructed by entrusted construction contractors.

The Company was approved to list its stock at Taiwan Stock Exchange (TWSE) for trading in January 2001.

This consolidated financial statement of the Company and its subsidiaries (collectively, the "Group") is expressed by the functional currency of the Company, which is NTD.

II. Date and Procedure for Approval of the Financial Report

These consolidated financial statements were approved by the Board of Directors on August 7, 2025.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 21 "Lack of Exchangeability"

The application of the amendments to IAS 21, "Lack of Exchangeability," does not have a material impact on the Group's accounting policies.

(II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New/amended/revised standards and interpretations	Effective date announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to Financial Instruments: Classification and Measurement" regarding the revised application guidance on the classification of financial assets.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Nature-Dependent Power"	January 1, 2026

New/amended/revised standards and interpretations	Effective date announced by IASB
"Annual Improvements to IFRS Accounting Standards – Cycle 11"	January 1, 2026
IFRS 17, "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 Comparative Information"	January 1, 2023

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

(III) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date announced by IASB (Note)
Amendment to IFRS 10 and IAS 28, "Investor and the Sale or Purchase of the Assets of Its Associates or Joint Ventures"	Not determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Disclosure of Subsidiaries without Public Accountability"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements" for the following major changes:

- Items in the statement of profit or loss will be classified into categories, including operating, investing, financing, income taxes and discontinued operations.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group

labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

IV. Summary of Significant Accounting Policies

(I) Declaration of compliance

This consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34, “Interim Report.” This consolidated financial report does not cover all IFRS disclosure required for financial reporting of the whole fiscal year.

(II) 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).

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

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). The financial statements of the subsidiaries are adjusted to have their accounting policies be consistent with those of the Group. 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 parent company and to the non-controlling interests.

When the changes in the ownership equity of subsidiaries by the Group do not result in the loss of control over subsidiaries, such changes are considered equity transactions. The carrying amount of the Group and the non-controlling interest has been adjusted to reflect the changes in the relative equity of 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 parent company.

For information on the details of the subsidiaries, proportion of shareholding and business items, refer to Note 10, Table 6 and Table 7.

(IV) Other significant accounting policies

Other than the explanations below, refer to note to significant accounting policies contained in the 2024 consolidated financial statements.

1. Defined benefit after retirement

The pension cost in the interim period is based on the pension cost rate under actuarial decision on the last day of the previous period, calculated from the beginning to the end of the period. Adjustments have been made for significant market fluctuation, major revision of plans, repayments and other material one-off items.

2. Income tax expense

The income tax expense is the sum of the income tax and deferred income tax of the period. The income tax in the interim period is assessed on the basis of the whole fiscal year at the expected tax rate applicable to the total earnings of the year and at the earnings before tax in the interim period in calculation.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When developing major accounting estimates, the Group takes possible impacts of the U.S. Reciprocal Tariff-related measures into the consideration for items such as cash flow, growth rate, discount rate and profitability. The management will continue to review the estimates and basic assumptions. Please refer to the section of the primary source of uncertainties for significant accounting judgement, estimate, and assumptions contained in the 2024 consolidated financial statements.

VI. Cash and Cash Equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Petty cash and cash on hand	$ 41,006	$ 23,438	$ 40,269
Checking accounts and demand deposits	3,050,814	2,884,398	2,990,350
Cash equivalents (time deposits with original maturities of less than 3 months)	272,977	819,845	689,405
	$ 3,364,797	$ 3,727,681	$ 3,720,024

VII. Financial Assets at Amortized Cost

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Restricted bank deposits	$ -	$ -	$ 64,900
Time deposit with initial maturity longer than 3 months	-	-	94,106
	$ -	$ -	$ 159,006

	June 30, 2025	December 31, 2024	June 30, 2024
Non-current			
Restricted bank deposits	$ 206,022	$ 12,948	$ 64,480

For information on pledged financial assets at amortized cost, refer to Note 27.

VIII. Notes Receivable and Accounts Receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable			
At amortized cost	$ 46,822	$ 44,659	$ 64,094
Accounts receivable			
At amortized cost			
Gross carrying amount	$ 2,339,814	$ 2,643,372	$ 2,600,720
Less: allowance for impairment loss	(32,637)	(48,605)	(40,146)
	$ 2,307,177	$ 2,594,767	$ 2,560,574

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. Lifetime ECLs are calculated using provision matrix, factoring into past default history and current financial standing of the customers, as well as industry condition and prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group will directly write off the relevant accounts receivable, but will continue to collect the receivable. The recovered amount is recognized in profit or loss.

The Group does not have overdue notes receivable. Measurements for allowance for loss of accounts receivable as follows:

	0–90 days	91–120 days	121–150 days	151–180 days	More than 181 days	Total
June 30, 2025						
Expected credit loss rate	0%-0.66%	1.85%-24.61%	5%-55.18%	5%-78.62%	5%-100%	
Gross carrying amount	$2,218,150	$ 56,964	$ 35,085	$ 9,160	$ 20,455	$2,339,814
Loss allowance (Lifetime ECLs)	(6,940)	(4,607)	(5,168)	(1,432)	(14,490)	(32,637)
Amortized cost	$2,211,210	$ 52,357	$ 29,917	$ 7,728	$ 5,965	$2,307,177

	0–90 days	91–120 days	121–150 days	151–180 days	More than 181 days	Total
December 31, 2024						
Expected credit loss rate	0%-1.43%	2%-26%	5%-63%	5%-69.52%	5%-100%	
Gross carrying amount	$2,476,797	$ 103,704	$ 37,157	$ 3,099	$ 22,615	$2,643,372
Loss allowance (Lifetime ECLs)	(7,438)	(11,442)	(11,625)	(1,135)	(16,965)	(48,605)
Amortized cost	$2,469,359	$ 92,262	$ 25,532	$ 1,964	$ 5,650	$2,594,767
June 30, 2024						
Expected credit loss rate	0%-1.2%	1.13%-18.38%	5%-65.09%	5%-59.53%	5%-100%	
Gross carrying amount	$2,463,815	$ 80,696	$ 33,570	$ 3,607	$ 19,032	$2,600,720
Loss allowance (Lifetime ECLs)	(6,296)	(7,668)	(8,216)	(1,213)	(16,753)	(40,146)
Amortized cost	$2,457,519	$ 73,028	$ 25,354	$ 2,394	$ 2,279	$2,560,574

Information on changes in allowance for loss of accounts receivable is shown below:

	January 1 to June 30, 2025	January 1 to June 30, 2024
Opening balance	$ 48,605	$ 47,770
Reversed impairment loss	(11,236)	(8,354)
Actual amount written off for the period	(2,601)	(67)
Foreign exchange gain or loss	(2,131)	797
Ending balance	$ 32,637	$ 40,146

IX. Inventories

(I) Manufacturing

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials and supplies	$ 872,217	$ 962,686	$ 930,077
Work in progress	808,462	783,317	770,197
Finished goods	1,085,464	988,438	996,057
Inventory in transit	70,998	68,930	63,514
	$ 2,837,141	$ 2,803,371	$ 2,759,845

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Cost of inventory sold	$2,344,392	$2,321,254	$4,937,677	$4,595,713
Inventory write downs (reversed)	(9,271)	27,316	(6,045)	62,546
	$2,335,121	$2,348,570	$4,931,632	$4,658,259

The reversal of the net realizable value of inventories was due to an increase in the selling prices of such inventories in specific markets.

(II) Construction

	June 30, 2025	December 31, 2024	June 30, 2024
Property available for sale	$ 1,340,083	$ 1,596,150	$ 2,080,561

Property available for sale

Location	Project Name	June 30, 2025	December 31, 2024	June 30, 2024
Xishan District, Wuxi	Paiho International Mansion Phase I	$ 230,407	$ 264,901	$ 262,484
	Paiho International Mansion Phase II	244,287	277,898	275,721
	Paiho Business Plaza	865,389	1,053,351	1,542,356
		$ 1,340,083	$ 1,596,150	$ 2,080,561

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Cost of buildings and land sold	$ 13,037	$ -	$ 23,215	$ 14,600

X. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements:

Investee company	Subsidiary	Nature of activities	Percentage of ownership June 30, 2025	Percentage of ownership December 31, 2024	Percentage of ownership June 30, 2024	Note
The Company	Paiho Int'l Limited	International investment	100	100	100	1
	Paiho Group Inc.	International investment	100	100	100	-
	Pt. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	99	99	99	-
	Paiho North America Corporation.	Sales of touch fasteners and various type of webbings	100	100	100	-
	Spring Rich Limited	Extra processing of webbings	100	100	100	-
	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	33	33	33	1
Paiho Int'l Limited	Paiho Shih Holdings Corporation	International investment	50	50	50	1
	Dongguan Paiho Business Service Limited	Non-residential property leasing	100	100	100	-
	He Mei Xing Ye Company Ltd.	International investment	100	100	100	1
	Zhong Yuan Xing Ye Company Ltd.	International trading	100	100	100	-
	PT. Paiho Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	1	1	1	-
Paiho Shih Holdings Corporation	Hong Kong Antex Limited	International investment	100	100	100	1
	Hon Shin Corp.	Internal investment and trade	100	100	100	1

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Investee company	Subsidiary	Nature of activities	Percentage of ownership June 30, 2025	December 31, 2024	June 30, 2024	Note
Hong Kong Antex Limited.	Thomas Dynamic Material (Jiangsu) Co., Ltd.	Processing of touch fasteners, webbing and embroidery	99.99	99.99	99.99	1
	Wuxi Paiwei Biotechnology Co. Ltd	Production and sales of masks and non-woven fabrics	100	100	100	1
Thomas Dynamic Material (Jiangsu) Co., Ltd.	Dongguan Paihong Industry Co., Ltd	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	100	100	100	1
	Wuxi Paihong Real Estate Co., Ltd.	Commercial property management; planning consultants, sales, development & leasing of real estate and design decoration	100	100	100	1
	Shanghai Best Expectation Textile Trading Limited	Internal investment and trade	17	18	21	1
Dongguan Paihong Industry Co., Ltd	Shanghai Best Expectation Textile Trading Limited	Internal investment and trade	83	82	79	1
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Internal investment and trade	100	100	100	1
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	Production & marketing of mesh and other fabrics.	100	100	100	1
	PT Paihong Prima Indonesia	Production & marketing of mesh and other fabrics.	-	-	-	1
Vietnam Paihong Limited Company.	PT Paihong Prima Indonesia	Production & marketing of mesh and other fabrics.	-	-	-	1
He Mei Xing Ye Company Ltd.	Vietnam Paiho Limited	Manufacture and extra processing on touch fasteners and various type of webbings	67	67	67	1
Paiho Group Inc.	Paiho Holdings Limited	International investment	100	100	100	-
Paiho Holdings Limited	Braits Company Limited	International investment	100	100	100	-
Braits Company Limited	Wuxi Paisen Commerce Co., Ltd	Non-residential property leasing	100	100	100	-

Note 1: It is prepared in accordance with the financial statements reviewed by CPAs, and the rest are prepared in accordance with the financial statements not reviewed by CPAs.

Please refer to Tables 6 and 7 for the main business premises and the countries of company registration of the subsidiaries above.

The Board of Directors resolved on December 24, 2024 to establish PT. Paihong Prima Indonesia, and through Hong Kong Best Expectation International Trading Limited and Vietnam Paihong Limited Company, invested US$4,950 thousand and

US$50 thousand respectively. PT. Paihong Indonesia completed the registration in February 2025, and as June 30, 2025, no capital has been invested.

(II) Information of subsidiaries with significant non-controlling interests

Subsidiary	Proportion of ownership and voting rights held by non-controlling interests: June 30, 2025	December 31, 2024	June 30, 2024
Paiho Shih Holdings Corporation and subsidiary	50%	50%	50%

Subsidiary	Profit (loss) allocated to non-controlling interests: April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024	Non-controlling interests: June 30, 2025	December 31, 2024	June 30, 2024
Paiho Shih Holdings Corporation and Subsidiary	$38,914	$61,226	$145,808	$95,183	$3,124,901	$3,315,609	$3,195,116

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	$ 5,666,179	$ 6,221,761	$ 7,176,304
Non-current assets	11,296,102	11,996,125	11,652,537
Current liabilities	(7,091,376)	(7,518,826)	(8,376,720)
Non-current liabilities	(3,641,280)	(4,087,632)	(4,085,298)
Equity	$ 6,229,625	$ 6,611,428	$ 6,366,823
Equity attributed to:			
Owners of the parent company	$ 3,104,724	$ 3,295,819	$ 3,171,707
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	3,124,901	3,315,609	3,195,116
	$ 6,229,625	$ 6,611,428	$ 6,366,823

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Operating income	$ 1,771,686	$ 1,734,240	$ 3,712,289	$ 3,226,587
Net profit for the period	$ 77,984	$ 122,631	$ 293,269	$ 190,233
Other comprehensive income (loss)	(741,748)	51,426	(615,081)	175,230
Total comprehensive income (loss)	($ 663,764)	$ 174,057	($ 321,812)	$ 365,463

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Net profit attributable to:				
Owners of the parent company	$ 39,070	$ 61,405	$ 147,461	$ 95,050
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	38,914	61,226	145,808	95,183
	$ 77,984	$ 122,631	$ 293,269	$ 190,233
Total comprehensive income (loss) attributed to:				
Owners of the parent company	($ 330,440)	$ 68,324	($ 161,207)	$ 211,759
Non-controlling interests of Paiho Shih Holdings Corporation and subsidiaries	(333,324)	105,733	(160,605)	153,704
	($ 663,764)	$ 174,057	($ 321,812)	$ 365,463
Cash flow				
Operating activities			$ 577,990	$ 406,223
Investing activities			(734,438)	(456,524)
Financing activities			248,695	89,730
Net cash inflow			$ 92,247	$ 39,429

XI. Property, Plant and Equipment

January 1 to June 30, 2025	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost							
Balance on January 1, 2025	$ 641,845	$14,674,909	$ 9,911,451	$ 333,992	$ 1,182,883	$ 262,402	$27,007,482
Addition	-	13,440	36,345	2,000	6,433	195,647	253,865
Disposal	-	(18,187)	(319,984)	(3,796)	(20,608)	-	(362,575)
Reclassified amount	-	(129,458)	212,527	7,537	9,828	(10,929)	89,505
Net exchange translation adjustment	(9,382)	(1,190,540)	(844,337)	(29,878)	(106,415)	(20,108)	(2,200,660)
Balance on June 30, 2025	$ 632,463	$13,350,164	$ 8,996,002	$ 309,855	$ 1,072,121	$ 427,012	$24,787,617
Accumulated depreciation							
Balance on January 1, 2025	$ -	$ 3,193,672	$ 5,774,577	$ 187,997	$ 873,886	$ -	$10,030,132
Depreciation expense	-	226,817	378,199	16,139	50,491	-	671,646
Disposal	-	(18,187)	(307,248)	(3,644)	(18,176)	-	(347,255)
Reclassified amount	-	(48,333)	944	-	-	-	(47,389)
Net exchange translation adjustment	-	(273,147)	(499,139)	(17,222)	(88,039)	-	(877,547)
Balance on June 30, 2025	$ -	$ 3,080,822	$ 5,347,333	$ 183,270	$ 818,162	$ -	$ 9,429,587
Carrying amount on June 30, 2025	$ 632,463	$10,269,342	$ 3,648,669	$ 126,585	$ 253,959	$ 427,012	$15,358,030
Carrying amount on December 31, 2024 and January 1, 2025	$ 641,845	$11,481,237	$ 4,136,874	$ 145,995	$ 308,997	$ 262,402	$16,977,350
January 1 to June 30, 2024							
Cost							
Balance on January 1, 2024	$ 636,246	$10,318,182	$ 9,095,324	$ 288,842	$ 1,097,214	$ 4,112,853	$25,548,661
Addition	-	4,749	23,966	239	3,284	506,142	538,380
Disposal	-	(27,868)	(46,075)	(1,175)	(19,140)	-	(94,258)
Reclassified amount	-	140,081	117,736	7,859	557	(121,202)	145,031
Net exchange translation adjustment	4,697	355,948	314,088	10,496	37,304	144,236	866,769
Balance on June 30, 2024	$ 640,943	$10,791,092	$ 9,505,039	$ 306,261	$ 1,119,219	$ 4,642,029	$27,004,583
Accumulated depreciation							
Balance on January 1, 2024	$ -	$ 2,717,991	$ 4,899,459	$ 167,230	$ 755,122	$ -	$ 8,539,802
Depreciation expense	-	174,011	370,475	13,824	52,036	-	610,346
Disposal	-	(27,868)	(45,296)	(1,116)	(18,626)	-	(92,906)
Reclassified amount	-	-	-	241	(241)	-	-
Net exchange translation adjustment	-	96,515	178,848	6,266	27,766	-	309,395
Balance on June 30, 2024	$ -	$ 2,960,649	$ 5,403,486	$ 186,445	$ 816,057	$ -	$ 9,366,637
Carrying amount on June 30, 2024	$ 640,943	$ 7,830,443	$ 4,101,553	$ 119,816	$ 303,162	$ 4,642,029	$17,637,946

The Company is located in Hemei Town, Changhua County, with an area of 55 square meters in the Hemei section of land (recorded as self-owned land for NT$264 thousand), 2,597 square meters in the Zhongxiao section of land (recorded as self-owned land for NT$8,773 thousand), and 4,740 square meters in the Tiaoxing section of land (recorded as self-owned land for NT$42,031 thousand). These are agricultural lands temporarily registered in the names of others, with the Company as the rights holder and establishment of a certificate of other rights which stipulates that the Company has the ownership of the land.

The above items are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	5 to 55 years
Electromechanical power equipment	5 to 16 years
Engineering system	5 to 40 years
Others	2 to 10 years
Machinery and equipment	3 to 16 years
Transportation equipment	5 to 15 years
Miscellaneous equipment	2 to 35 years

XII. Lease Agreements

(I) Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts of right-of-use assets			
Land	$ 1,228,873	$ 1,396,623	$ 1,436,993
Buildings	170,690	199,542	36,541
Transportation equipment	321	703	1,047
	$ 1,399,884	$ 1,596,868	$ 1,474,581

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
			$ 3,292	$ 7,821
Depreciation charge of right-of-use assets				
Land	$ 11,626	$ 12,342	$ 23,981	$ 24,380
Buildings	7,141	4,331	14,716	8,842
Transportation equipment	167	175	344	346
	$ 18,934	$ 16,848	$ 39,041	$ 33,568

Except for the addition and depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group from January 1 to June 30, 2025 and 2024.

The land located in Wuxi City and Dongguan City, China and Tỉnh Bình Dương, Vietnam, subleased by the Group in the form of operating leases, is recognized as investment property. Please refer to Note 13 for details. The above-mentioned amount of right-of-use assets does not include right-of-use assets that meet the definition of investment properties.

(II) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts of lease liabilities			
Current	$ 23,028	$ 24,601	$ 8,490
Non-current	$ 154,256	$ 182,140	$ 27,438

The discount rate (%) ranges for lease liabilities are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	1.3-4.2	1.3-5.0	1.3-5.0
Transportation equipment	3.7	3.7	3.7

(III) Other lease information

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Expenses relating to short-term leases	$ 6,246	$ 6,759	$ 12,294	$ 13,310
Expenses relating to low-value asset leases	$ 2,727	$ 2,455	$ 5,620	$ 4,000
Total cash outflow from leasing activities			($ 33,544)	($ 27,268)

No right-of-use assets and lease liabilities shall be recognized for buildings qualified for short-term lease and other equipment qualified for low-value asset when the Group elects to apply recognition exemption.

XIII. Investment Properties

January 1 to June 30, 2025	Opening balance	Addition	Reclassified amount	Net exchange translation adjustment	Ending balance
Cost					
Property for sale	$ 668,384	$ 55	$ 104,662	($ 64,691)	$ 708,410
Right-of-use land and buildings	937,939	-	193,431	(103,715)	1,027,655
Total cost	1,606,323	$ 55	$ 298,093	($ 168,406)	1,736,065
Accumulated depreciation					
Property for sale	10,068	$ 11,718	$ -	($ 1,651)	20,135
Right-of-use land and buildings	77,599	13,116	54,945	(14,265)	131,395
Total accumulated depreciation	87,667	$ 24,834	$ 54,945	($ 15,916)	151,530
Carrying amount of investment properties	$1,518,656				$1,584,535

January 1 to June 30, 2024	Opening balance	Addition	Reclassified amount	Net exchange translation adjustment	Ending balance
Cost					
Property for sale	$ 93,092	$ -	$ 102,379	$ 3,192	$ 198,662
Right-of-use land and buildings	187,322	-	-	9,426	196,749
Total cost	280,414	$ -	$ 102,379	$ 12,618	395,411
Accumulated depreciation					
Property for sale	836	$ 2,079	($ 261)	$ 35	2,689
Right-of-use land and buildings	56,705	3,118	-	2,898	62,721
Total accumulated depreciation	57,541	$ 5,197	($ 261)	$ 2,933	65,410
Carrying amount of investment properties	$ 222,873				$ 330,001

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

Investment property - right-of-use land and buildings (Wuxi City, China) are subleased in the form of operating leases, with a lease period of 7 years, and there is a 5-year lease extension option. When the lessee exercises the option, the original contract is extended. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

Investment property - right-of-use land and buildings (Dongguan City, China) are subleased in the form of operating leases, and the lease term for the sublease is 8 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

Investment property - right-of-use land and buildings (Vietnam Tỉnh Bình Dương Province) are subleased in the form of operating leases, and the lease term for the sublease is 2 to 5 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The total amount of lease payments that the Group will receive in the future for leasing investment properties under operating leases is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	$ 94,145	$ 106,889	$ 30,213
Year 2	69,809	83,277	18,578
Year 3	47,833	66,572	-
Year 4	39,022	47,618	-
Year 5	17,179	23,710	-
More than 5 years	46,383	-	-
	$ 314,371	$ 328,066	$ 48,791

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

Buildings and land held for sale	30 years
Right-of-use land and buildings	5 to 60 years

The fair value of the Group’s investment properties was NT$1,744,670 thousand as of December 31, 2024. Based on the assessment of the Group’s management, compared with December 31, 2024, except for the right-of-use land and buildings in Dongguan City, China, with a net carrying amount of NT$41,814 thousand as of June 30, 2025, for which the fair value could not be determined due to infrequent market transactions and the inability to obtain reliable alternative fair value estimates, there were no significant changes in the fair value of the remaining investment properties.

XIV. Goodwill

	January 1 to June 30, 2025	January 1 to June 30, 2024
Cost		
Opening balance	$ 186,091	$ 173,427
Net exchange translation adjustment	(21,220)	9,850
Ending balance	$ 164,871	$ 183,277

XV. Other Assets

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Tax overpayment for offset with future tax payable	$ 481,766	$ 459,063	$ 722,234
Prepaid expenses	73,410	52,667	144,056
Prepayments	50,330	53,838	47,026
Others	75,226	69,497	23,600
	$ 680,732	$ 635,065	$ 936,916
Non-current			
Refundable deposits	$ 17,858	$ 40,000	$ 48,194
Others	81,834	69,293	68,639
	$ 99,692	$ 109,293	$ 116,833

XVI. Borrowings

(I) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Credit borrowings	$ 6,398,566	$ 6,876,810	$ 8,106,904
Secured borrowings (Note 27)	-	-	190,009
	$ 6,398,566	$ 6,876,810	$ 8,296,913
Rate of interest per annum (%)			
Line of credit borrowings	1.80-6.74	1.85-7.27	1.80-8.17
Line of secured borrowings	-	-	6.98

(II) Long-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Credit borrowings - Maturity from January 2026 to July 2031	$ 3,857,301	$ 4,593,505	$ 4,478,873
Less: Current portion	(308,955)	(334,962)	(461,136)
Long-term borrowings	$ 3,548,346	$ 4,258,543	$ 4,017,737
Rate of interest per annum (%)			
Line of credit borrowings	1.84-6.03	1.84-6.04	1.80-7.39

The Company signed a syndicated loan of NT$1.5 billion from financial institutions including Bank of Taiwan in July 2021 for the purpose of repaying loans from financial institutions and enriching the medium-term working capital. The validity period of the contract is 5 years. The credit line is divided into lines A and B: line A is a medium-term loan line of NT$1.5 billion, and line B is NT$900 million as the guarantee for the issuance of commercial promissory notes. The two lines share no more than the total credit line in force at that time, and can revolve within the term of the credit contract. According to the provisions of the loan contract, the Company shall achieve the following in the annual consolidated financial statements during the loan period:

1. The current ratio (current assets / current liabilities) shall not be less than 100%;
2. The debt ratio [(total liabilities - housing payment received in advance (recorded contractual liabilities - current))/tangible net value] shall be less than or equal to 180%;
3. The Interest coverage ratio (profit before income tax plus interest expense, depreciation and amortization amount / interest expense) shall be more than or equal to 4 times, and
4. Total tangible net assets (total equity - intangible assets) shall not be less than NT$6 billion.

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

The Company has repaid the loan in full and the syndicated loan was cancelled in May 2024.

In December 2024, to support future operational development, Hong Kong Best Expectation International Trading Limited entered into a syndicated loan agreement with a consortium of financial institutions led by SinoPac Commercial Bank, E.SUN Commercial Bank, and EnTie Commercial Bank, for a total facility amount of US$90 million. The loan is intended to repay the previous syndicated facility arranged by KGI Commercial Bank and other financial institutions, as well as to strengthen working capital. According to the provisions of the loan contract, Paiho Shih Holdings Corporation shall achieve the following in the annual consolidated financial statements during the loan period:

1. The net financial liability ratio〔(total financial liabilities (including lease liabilities) minus cash (excluding restricted deposits) / tangible net assets〕should be maintained below 220% and 180% (including) after December 31, 2024 and June 30, 2025, respectively.
2. The interest coverage ratio (profit before income tax plus interest expense, depreciation and amortization amount / interest expense) shall not be lower than 2.5 and 3 as of December 31, 2024 and June 30, 2025.
3. The tangible net assets (total equity - intangible assets) shall not be less than NT$4.8 billion.

Furthermore, Paiho Shih Holdings Corporation commits not to dispose of any material assets or rights and not to repurchase its stocks or reduce capital without the permissions of most of the creditor banks during the loan contract period.

XVII. Other Payables

	June 30, 2025	December 31, 2024	June 30, 2024
Payable for dividend	$ 923,969	$ -	$ 297,964
Payables for salaries and bonuses	572,485	895,045	580,399
Tax payable	49,209	60,085	67,764
Payables for compensation of employees and remuneration of directors	49,605	56,816	40,688
Payables for purchases of building and equipment	30,034	13,283	34,872
Others	333,652	319,852	321,878
	$ 1,958,954	$ 1,345,081	$ 1,343,565

XVIII. Retirement Benefit Plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024 are based on the pension cost rates under actuarial decision on December 31, 2024 and 2023. The amounts are NT$5,715 thousand, NT$5,646 thousand, NT$11,569 thousand, and NT$11,898 thousand, respectively.

XIX. 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	After 1 year	Total
June 30, 2025			
Asset			
Other receivables	$ 465	$ -	$ 465
Inventories – construction	1,340,083	-	1,340,083
Other current assets	62,818	-	62,818
	$ 1,403,366	$ -	$ 1,403,366
Liabilities			
Accounts payable	$ 5,101	$ -	$ 5,101
Other payables	24,249	-	24,249
Contractual liabilities	8,985	-	8,985
	$ 38,335	$ -	$ 38,335
December 31, 2024			
Asset			
Other receivables	$ 732	$ -	$ 732
Inventories – construction	1,596,150	-	1,596,150
Other current assets	69,750	-	69,750
	$ 1,666,632	$ -	$ 1,666,632
Liabilities			
Accounts payable	$ 32,897	$ -	$ 32,897
Other payables	19,104	-	19,104
Contractual liabilities	9,478	-	9,478
	$ 61,479	$ -	$ 61,479
June 30, 2024			
Asset			
Other receivables	$ 53,442	$ -	$ 53,442
Inventories – construction	2,080,561	-	2,080,561
Other current assets	77,317	-	77,317
	$ 2,211,320	$ -	$ 2,211,320
Liabilities			
Accounts payable	$ 51,736	$ -	$ 51,736
Other payables	26,978	-	26,978
Contractual liabilities	25,277	-	25,277
	$ 103,991	$ -	$ 103,991

XX. Equity

(I) Capital of ordinary shares

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares authorized (thousand shares)	380,000	380,000	380,000
Authorized share capital	$ 3,800,000	$ 3,800,000	$ 3,800,000
Number of shares issued and raised (thousand shares)	297,964	297,964	297,964
Share issued	$ 2,979,639	$ 2,979,639	$ 2,979,639

The issued ordinary shares have a par value of NT$10 per share, and each share has one voting right and the right to receive dividends.

(II) Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Can be used for off-setting losses cash distribution or capital expansion (1)			
Premium from stock	$ 615,831	$ 615,831	$ 615,831
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	120,647	120,647	120,647
Donation assets	748	545	545
Can be used for offsetting losses			
Changes in ownership interests of subsidiaries (2)	5,014	5,014	5,014
	$ 742,240	$ 742,037	$ 742,037

1. This type of capital surplus may be used to offset losses. When the Company has no losses, it can also be used to make cash distribution or to convert to capital stock, but the amount converted to capital stock each year is subject to a certain percentage of the paid-in capital.
2. This capital surplus are the impacts from equity transactions recognized due to changes in the equity investments in subsidiaries because the Company has not actually acquired or disposed the equity, or the adjustment of the subsidiary's capital surplus recognized by the Company due to the equity method.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Company's Articles of Incorporation, if there are earnings in the Company's annual final accounts, the Company shall first pay taxes to make up for the accumulated loss over the years, and 10% shall be allocated as the legal reserve, and a special reserve shall be allocated or reversed in accordance with the regulations or the competent authority's requirement. If there is still a surplus, the balance shall be added to the accumulated undistributed earnings of the previous year, and the board of directors shall draft a distribution proposal accordingly. When new shares are to be issued for it, the decision shall be submitted to the shareholders' meeting for a resolution before distribution. When all or part of the Company's dividends and bonuses, legally distributable legal reserve and capital surplus are distributed in cash, in accordance with Item 5, Article 240 of the Company Act, the board of directors is authorized to make a resolution in a board meeting attended by more than two-thirds of the directors, with the approval of more than half of the attending directors obtained; the resolution shall be reported to the shareholders' meeting.

Please refer to Note 22 employees' compensation and remuneration of directors for the distribution policy of remuneration for employees and directors which is stipulated in the Articles of Incorporation of the Company.

In addition, in accordance with the provisions of the Company's articles of association that the dividend policy shall be in line with the overall environment and the characteristics of the mature industry, with consideration of the impact of future expansion of operations, capital requirements and taxation on the Company and shareholders, the Company's dividend distribution will be adjusted according to its profitability to maintain a stable growth of earnings per share; the dividend distribution ratio shall be no less than 25% of the current year's after-tax earnings after making up for the previous year's losses, the allocation of legal reserve, and the deduction of the other undistributed earnings of the current year. The cash dividend shall not be less than 15% of the total dividends, and the rest shall be paid in stocks.

The legal reserve shall be allocated until the balance reaches the total paid-in share capital of the Company. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital can be allocated in cash in addition to being allocated to capital.

The appropriation of earnings of the Company for 2024 and 2023 are as follows, respectively:

	2024	2023
Legal reserve	$ 145,308	$ 60,325
Appropriation (reversal) of special reserve	(255,987)	85,599
Cash dividend	893,892	297,964
Cash dividend per share (NT$)	3.0	1.0

The above-mentioned cash dividends were distributed in March, 2025 and 2024, respectively under board resolutions, and the remaining earnings distribution items were also resolved at the annual general shareholders' meeting on June 2025 and 2024.

(IV) Special reserve

The special reserve allocated for the conversion difference of the financial statements of foreign operating agencies (including subsidiaries) has been reversed based on the disposal ratio and due to the liquidation of the subsidiaries. When distributing the earnings, the difference between the net deduction of other shareholders' equity and the special reserve stated in the first application of IFRSs should be added to the special reserve at the end of the reporting period. Reversal of the net deduction of other shareholders' equity may be appropriated when it is subsequently reverted.

XXI. Revenue

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Revenue from contracts with customers				
Sale of goods	$ 3,568,020	$ 3,721,560	$ 7,800,760	$ 7,247,185
Sale of real estate	21,602	-	38,939	29,568
	$ 3,589,622	$ 3,721,560	$ 7,839,699	$ 7,276,753

(I) Contract balance

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Notes and accounts receivables (Note 8)	$ 2,353,999	$ 2,639,426	$ 2,624,668	$ 2,065,294
Contractual liabilities – current				
Sale of goods	$ 20,977	$ 20,168	$ 15,275	$ 16,629
Sales of real estate	8,985	9,478	25,277	3,797
	$ 29,962	$ 29,646	$ 40,552	$ 20,426

(II) Customer contract income breakdown

Please refer to Note 32 for the information on the revenue breakdown.

XXII. Net Profit from Continuing Operations

(I) Other income

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Subsidy income	$ 3,468	$ 7,314	$ 7,014	$ 10,818
Rent income	32,588	8,575	61,696	16,493
Others	7,916	10,730	15,571	16,912
	$ 43,972	$ 26,619	$ 84,281	$ 44,223

(II) Other losses

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Net foreign exchange gain (loss)	($ 69,800)	($ 1,886)	($ 63,618)	$ 2,686
Depreciation expense on investment property	(12,661)	(2,932)	(24,834)	(5,197)
Others	(21,883)	(20,067)	(37,984)	(26,193)
	($ 104,344)	($ 24,885)	($ 126,436)	($ 28,704)

(III) Financial cost

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Interest on bank borrowings	$ 137,049	$ 124,489	$ 284,473	$ 256,465
Interest on lease liabilities	1,805	224	3,783	494
	$ 138,854	$ 124,713	$ 288,256	$ 256,959

Information about capitalized interest:

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Capitalized interest amount	$ -	$ 59,941	$ -	$ 115,130
Capitalization rate (%)	-	6.75	-	6.75

(IV) Employee benefit expenses, depreciation and amortization expenses

By nature	Attributable to operating costs	Attributable to operating expenses and non-operating expenses	Total
April 1 to June 30, 2025			
Short-term employee benefits	$ 566,450	$ 358,194	$ 924,644
Retirement benefit plans			
Defined contribution plans	41,684	19,558	61,242
Defined benefit plans (Note 18)	1,801	3,914	5,715
Other employee benefits	55,255	19,616	74,871
Depreciation expenses	285,143	73,271	358,414
Amortization expenses	422	387	809
April 1 to June 30, 2024			
Short-term employee benefits	547,784	354,950	902,734
Retirement benefit plans			
Defined contribution plans	35,644	16,933	52,577
Defined benefit plans (Note 18)	1,430	4,216	5,646
Other employee benefits	46,846	19,379	66,225
Depreciation expenses	268,511	57,866	326,377
Amortization expenses	440	456	896
January 1 to June 30, 2025			
Short-term employee benefits	1,145,018	765,670	1,910,688
Retirement benefit plans			
Defined contribution plans	84,436	39,790	124,226
Defined benefit plans (Note 18)	3,714	7,855	11,569
Other employee benefits	106,619	39,542	146,161
Depreciation expenses	588,306	147,215	735,521
Amortization expenses	869	777	1,646
January 1 to June 30, 2024			
Short-term employee benefits	1,046,206	705,936	1,752,142
Retirement benefit plans			
Defined contribution plans	73,912	33,834	107,746
Defined benefit plans (Note 18)	3,506	8,392	11,898
Other employee benefits	84,653	36,565	121,218
Depreciation expenses	533,776	115,335	649,111
Amortization expenses	870	944	1,814

(V) Employees' compensation and remuneration of directors

In accordance with the provisions of the Articles of Incorporation, the Company makes appropriations that are no less than 1% and no more than 2% from the pre-tax gain in the current year before deduction of the remuneration of employees and directors in the current year, respectively, as the remuneration to employees and directors. According to the amendment of the Securities and Exchange Act in August 2024, the Company approved the amendment to the Articles of

Incorporation at the 2025 annual general shareholders' meeting, stipulating that no less than 40% of the employees' remuneration allocated for the year shall be distributed to entry-level employees. The estimated employees' remuneration (including entry-level employees' remuneration) and directors' remuneration for the periods from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024 are as follows:

	April 1 to June 30, 2025		April 1 to June 30, 2024	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	0.99%	$ 2,333	2.65%	$ 12,397
Remuneration of directors	0.64%	1,504	1.71%	7,991

	January 1 to June 30, 2025		January 1 to June 30, 2024	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	1.44%	$ 11,888	1.96%	$ 17,323
Remuneration of directors	0.93%	7,663	1.26%	11,166

If the amount of the annual consolidated financial report is still subject to changes after the date of publication, such changes shall be treated as accounting estimate changes and adjusted and recorded in the following year.

The Company held its board meetings on March, 2025 and 2024. The actual amount of remuneration of employees and directors was different from the amount recognized in the annual consolidated financial report, and the differences were adjusted to the profit and loss for 2025 and 2024, respectively.

	2024		2023	
	Employees' compensation	Remuneration of directors	Employees' compensation	Remuneration of directors
Amount resolved in the board of directors' meeting	$ 27,069	$ 17,449	$ 10,220	$ 6,588
Amount recognized in annual financial statement	$ 27,000	$ 17,400	$ 10,881	$ 7,014

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

(VI) Gains or losses on foreign currency exchange

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Total foreign currency exchange gains	$ 55,680	$ 31,761	$ 95,028	$ 67,403
Total foreign currency exchange losses	(125,480)	(33,647)	(158,646)	(64,717)
Net gains (losses)	($ 69,800)	($ 1,886)	($ 63,618)	$ 2,686

XXIII. Income Tax

(I) Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Income tax in the current period				
Income tax of the period	$ 45,906	$ 142,504	$ 144,840	$ 140,862
Income tax on unappropriated earnings	32,440	5,588	32,440	5,588
Adjustment for the previous year	11,237	(64,633)	5,869	(72,361)
Land value increment tax	2,575	-	5,336	13,182
	92,158	83,459	188,485	87,271
Deferred income tax				
Income tax of the period	7,540	62,982	125,710	192,558
Income tax expense recognized in profit or loss	$ 99,698	$ 146,441	$ 314,195	$ 279,829

(II) Income tax recognized in other comprehensive income

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Deferred income tax				
Income tax of the period				
Translation of foreign operations	($ 324,528)	$ 23,315	($ 289,117)	$ 98,497

(III) Income tax verification

The Company's tax filing as of the end of 2022 and Spring Rich Limited's tax filing as of the end of 2023 have been verified by the tax collection agency.

XXIV. Earnings per Share

	Net profit attributable to owners of the parent company (Numerator)	Number of shares (Denominator) (Thousand shares)	Earnings per share (NT$)
April 1 to June 30, 2025			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 200,836	297,964	$ 0.67
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	220	
Diluted earnings per share			
Net profit attributable to owners of the parent company plus effect of potentially dilutive ordinary shares	$ 200,836	298,184	$ 0.67
April 1 to June 30, 2024			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 349,041	297,964	$ 1.17
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	271	
Diluted earnings per share			
Net profit attributable to owners of the parent company plus effect of potentially dilutive ordinary shares	$ 349,041	298,235	$ 1.17
January 1 to June 30, 2025			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 658,216	297,964	$ 2.21
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	368	
Diluted earnings per share			
Net profit attributable to owners of the parent company plus effect of potentially dilutive ordinary shares	$ 658,216	298,332	$ 2.21
January 1 to June 30, 2024			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 681,658	297,964	$ 2.29
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	345	
Diluted earnings per share			
Net profit attributable to owners of the parent company plus effect of potentially dilutive ordinary shares	$ 681,658	298,309	$ 2.29

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.

XXV. Financial Instruments

(I) 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.

(II) Types of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets			
At amortized cost (Note 1)	$ 6,224,874	$ 6,822,973	$ 6,876,438
Financial liabilities			
At amortized cost (Note 2)	12,785,275	13,357,009	14,781,766

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

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings including current portion and guarantee deposits received.

(III) Financial risk management objective and policies

The Group’s major financial instruments include bank deposits, accounts receivable, accounts payable and borrowings. The financial department of the Group provides services to each business unit, coordinates the operation in the financial market, and supervises and manages the financial risks related to the Group's operations by analyzing internal risk reports based on the degree and breadth 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.

(I) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk.

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

Sensitivity analysis

The Group is mainly affected by fluctuations in the USD, VND and RMB exchange rates.

The following table shows the Group's sensitivity analysis when the NTD exchange rate changes by 1% against each relevant foreign currency. 1% is the sensitivity rate used for reporting exchange rate risks to the key management of the Group, and represents the management’s assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes outstanding monetary items in foreign currencies, and the year-end conversion is adjusted with an exchange rate change of 1%. The following table shows the amount of changes in net income before tax when NTD appreciates or depreciates by 1% against each relevant foreign currency.

	Impact on profit and loss	
Currency	January 1 to June 30, 2025	January 1 to June 30, 2024
USD	$ 3,692	$ 8,597
VND	(2,121)	1,302
RMB	205	1,093

The Group’s exposure was mainly attributable to the outstanding receivables and payables in USD, VND, and RMB which were not hedged at the end of the reporting period.

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

(2) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Group regularly evaluates hedging activities to align them with the interest rate view and established risk preferences to ensure that the most cost-effective hedging strategy is adopted.

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.

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	$ 275,886	$ 832,793	$ 786,421
Financial liabilities	6,575,850	7,083,551	8,332,841
Interest rate risk on cash flow			
Financial assets	3,251,304	2,881,814	3,085,748
Financial liabilities	3,857,301	4,593,505	4,478,873

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 a t 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 the interest rate changes but all other variables remain unchanged, the Group's profit before tax from January 1 to June 30, 2025 and 2024 will change by NT$757 thousand and NT$1,741 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparty to discharge its obligation, could be equal to 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, the management believes the management credit risk was significantly reduced.

Accounts receivable consisted of different customers from various industries and geographical locations. The Group continues to assess financial status of customers its accounts receivable are exposed to.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2025, December 31, and June 30, 2024, the Group had available unutilized bank loan facilities of NT$9,299,712 thousand, NT$9,971,969 thousand, and NT$7,115,470 thousand, respectively.

<u>Liquidity and interest rate risk table for non-derivative financial liabilities</u>

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows, using the earliest date on which the Group may be required to make repayment. Accordingly, bank borrowings that may be subject to immediate repayment upon the lender's request are classified under the earliest time band, regardless of the likelihood of such rights being exercised by the bank.

	Within 3 months	3 Months to 1 year	More than 1 year
June 30, 2025			
No interest-bearing	$ 2,142,298	$ 370,299	$ 16,811
Lease liabilities	7,272	22,121	174,514
Fixed interest rate instruments	1,801,044	4,597,522	-
Instruments with floating interest rates	55,023	253,932	3,548,346
	$ 4,005,637	$ 5,243,874	$ 3,739,671
December 31, 2024			
No interest-bearing	$ 1,676,413	$ 203,808	$ 6,473
Lease liabilities	8,011	24,128	207,662
Fixed interest rate instruments	1,951,538	4,925,272	-
Instruments with floating interest rates	-	334,962	4,258,543
	$ 3,635,962	$ 5,488,170	$ 4,472,678
June 30, 2024			
No interest-bearing	$ 837,686	$ 934,475	$ 233,819
Lease liabilities	4,908	4,145	32,534
Fixed interest rate instruments	2,089,004	6,207,909	-
Instruments with floating interest rates	64,073	397,063	4,017,737
	$ 2,995,671	$ 7,543,592	$ 4,284,090

The further information on the maturity analysis of the financial liabilities above is as follows:

	Less than 1 year	1 to 5 years	5 to10 years	10 to 15 years	15 to 20 years	More than 20 years
June 30, 2025						
Lease liabilities	$ 29,393	$ 116,763	$ 41,911	$ 4,800	$ 4,800	$ 6,240
Fixed interest rate instruments	6,398,566	-	-	-	-	-
Instruments with floating interest rates	308,955	3,548,346	-	-	-	-
	$6,736,914	$3,665,109	$ 41,911	$ 4,800	$ 4,800	$ 6,240
December 31, 2024						
Lease liabilities	$ 32,139	$ 128,859	$ 62,483	$ 4,800	$ 4,800	$ 6,720
Fixed interest rate instruments	6,876,810	-	-	-	-	-
Instruments with floating interest rates	334,962	4,258,543	-	-	-	-
	$7,243,911	$4,387,402	$ 62,483	$ 4,800	$ 4,800	$ 6,720
June 30, 2024						
Lease liabilities	$ 9,053	$ 10,934	$ 4,800	$ 4,800	$ 4,800	$ 7,200
Fixed interest rate instruments	8,296,913	-	-	-	-	-
Instruments with floating interest rates	461,136	4,017,737	-	-	-	-
	$8,767,102	$4,028,671	$ 4,800	$ 4,800	$ 4,800	$ 7,200

XXVI. Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

(I) Name of related party and relationship

Name of related party	Relationship with the Group
Sen-Mei Cheng	Current chairman of the Company.
A-Wei Cheng Chen	Other related parties
Cheng-Tsung Cheng	Other related parties
Kuo-Ian Cheng	Other related parties
Mei-Ting Yang	Other related parties
Kuo-Chih Lai	Other related parties
Po-Hsun Huang	Other related parties
Chia-Yin Cheng	Other related parties
Hsin-Long Cheng	Other related parties

(II) Lease agreements

Accounting item posted	Related parties category/name	June 30, 2025	December 31, 2024	June 30, 2024
Lease liabilities	Other related parties	$ 20,536	$ 20,843	$ 21,147

Related parties category/name	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Interest expense				
Other related parties	$ 86	$ 88	$ 173	$ 178
Lease expenses (included in cost of goods sold and operating expense)				
Other related parties	$ 600	$ 391	$ 1,211	$ 783

The rental rate is based on the rental in the neighboring area, and is subject to agreement between the parties.

(III) Endorsement/guarantee

Acquiring endorsement/guarantee

Category/name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Sen-Mei Cheng			
Endorsed amount	$ 3,340,000	$ 3,140,000	$ 2,350,000
Actual borrowing amount	(850,000)	(1,000,000)	(1,250,000)
	$ 2,490,000	$ 2,140,000	$ 1,100,000

A portion of long- and short-term borrowing of the Company is endorsed by the Chairman of the Company.

Category/name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Sen-Mei Cheng			
Endorsed amount	$ 117,200	$ 163,925	$ 162,250
Actual borrowing amount	(7,888)	(7,737)	(16,452)
	$ 109,312	$ 156,188	$ 145,798

For some of the long-term bank borrowings of the subsidiaries, the Chairman of the Company provides joint guarantee.

Category/name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Kuo-Ian Cheng			
Endorsed amount	$ 14,042,976	$ 12,407,336	$ 11,804,358
Actual borrowing amount	(7,718,356)	(8,668,924)	(9,320,165)
	$ 6,324,620	$ 3,738,412	$ 2,484,193
Hsin-Long Cheng			
Endorsed amount	$ 2,636,316	$ 2,897,460	$ -
Actual borrowing amount	(2,636,316)	(2,897,460)	-
	$ -	$ -	$ -

For some of the long-term and short-term borrowings of the subsidiaries, the Chairman and the General Manager of the subsidiaries provide joint guarantees.

(IV) Remuneration of key management personnel

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Short-term employee benefits	$ 19,581	$ 45,069	$ 57,299	$ 80,309
Retirement benefit plans	99	129	197	242
	$ 19,680	$ 45,198	$ 57,496	$ 80,551

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

XXVII. Assets Pledged as Collateral or for Security

The following assets of the Group have been provided as collateral for bank loans, bank guarantees and the power company’s guarantee funds:

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at amortized cost	$ 206,022	$ 12,948	$ 129,380

XXVIII. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except as mentioned in other notes, the significant commitments and contingencies of the Group on the balance sheet date are as follows:

(I) Unrecognized contractual commitments of the Group

	June 30, 2025	December 31, 2024	June 30, 2024
Payments for property, plant and equipment	$ 430,414	$ 280,522	$ 283,661

(II) The Company signed a 10-year technology sales contract with a non-related party in July 2008, and the Company obtained the expertise in the production of injection molded Velcro. According to the contract, the Company is required to pay a premium of US$281 thousand each year, and an additional premium will be paid according to a certain percentage of the sales volume at the end of each year. The contract has been extended for another 10 years since the expiration in 2018.

(III) The shareholders' meeting of the Company resolved in a special session dated September 2, 2010 for entering into the "Comprehensive Agreement on the Use of Trademarks and Patents, Sale Region Partitioning, and Related-Party Transactions" between the Company and Paiho Shih Holdings Corporation. Paiho Shih Holdings Corporation promised to purchase the equity shares issued by Paiho Europe, S.A. and the Paiho North America Corporation at fair value after listing at TWSE for trading or through its subsidiaries at the right time under the appraisal of professional institutions. In supporting the application of Paiho Shih Holdings Corporation for listing at TWSE, the shareholders' meeting of the Company resolved in regular session dated April 21, 2011 to amend the content of the above agreement in the aspects of the partition of sale regions and restriction of competition between the contracting parties. Affected by the poor operation environment, the Company has shut down its operation in Paiho Europe, S.A. As a result, Paiho Shih Holdings Corporation wrote to TWSE on February 27, 2014 informing that the subject company of the previous undertaking of "incorporating Paiho Europe, S.A. to the operation system" is no longer in existence and the aforementioned undertaking cannot be accomplished.

XXIX. Significant Matters after the Reporting Period

On August 7, 2025, the Company's Board of Directors resolved to sell 100% of the equity interests in Wuxi Paisen Commerce Co., Ltd, an indirect wholly owned subsidiary, to an unrelated third party at the agreed transaction price and contractual terms, and authorized the Chairman of the Company to handle subsequent contract signing and related matters.

XXX. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information is summarized and stated based on the foreign currencies other than the functional currency of the Group's individual entities. The disclosed exchange rate represents the exchange rate of such foreign currency to the functional currency. Assets and liabilities in foreign currencies with significant impacts:

	June 30, 2025			December 31, 2024		
Financial assets	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Monetary items						
USD	$ 12,915	29.30	$ 378,410	$ 27,419	32.785	$ 898,932
VND	381,625,321	0.00111	423,604	483,649,701	0.00127	614,235
RMB	7,559	4.091	30,924	5,167	4.478	23,138
Financial liabilities						
Monetary items						
VND	572,706,903	0.00111	635,705	460,987,689	0.00127	585,454
USD	316	29.300	9,259	125	32.785	4,098
RMB	2,556	4.091	10,457	2,901	4.478	12,991

	June 30, 2024		
Financial assets	Foreign currency	Exchange rate	NTD
Monetary items			
USD	$ 27,174	32.450	$ 881,796
RMB	28,593	4.445	127,096
VND	409,635,805	0.00130	532,527
Financial liabilities			
Monetary items			
VND	309,489,270	0.00130	402,336
USD	682	32.450	22,131

The Group is mainly exposed to the foreign currency exchange rate risk over USD, VND and RMB. The following information is summarized and expressed in the functional currencies of the entities holding foreign currencies. The exchange rates disclosed are the exchange rates converting these functional currencies into the expressing currency. The realized and unrealized foreign currency exchange gains and losses that have a significant impact are as follows:

	April 1 to June 30, 2025		April 1 to June 30, 2024	
Functional currency	Exchange rate	Net foreign exchange gain and loss	Exchange rate	Net foreign exchange gain and loss
NTD	1	($ 42,516)	1	$ 5,600
USD	30.823	(26,259)	32.355	(14,020)
RMB	4.260	(1,058)	4.458	6,545
		($ 69,833)		($ 1,875)

	January 1 to June 30, 2025		January 1 to June 30, 2024	
Functional currency	Exchange rate	Net foreign exchange gain and loss	Exchange rate	Net foreign exchange gain and loss
NTD	1	($ 37,154)	1	$ 24,682
USD	31.859	(26,365)	31.901	(31,809)
RMB	4.386	(146)	4.412	9,854
		($ 63,665)		$ 2,727

XXXI. Separately Disclosed Items

(I) Information on significant transactions

1. Financing provided to others: See Table 1.
2. Endorsement/guarantee provided: See Table 2.
3. Significant marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities): None.
4. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 3.
5. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4.
6. Others: Intercompany relationships and significant intercompany transactions: See Table 5.

(II) Information on Investees: See Table 6.

(III) Information on investment 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: See Table 7.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 5.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: See Tables 3 and 5.
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: See Table 2.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: See Tables 1, 4 and 5.
   (6) 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: See Table 5.

XXXII. Segment Information

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

(I) Segment revenue and results

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

	Segment Revenue		Segment profit or loss	
	January 1 to June 30, 2025	January 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Production	$7,800,760	$7,247,185	$1,473,118	$1,317,507
Construction	38,939	29,568	(42,402)	(50,724)
Total from continuing operations	$7,839,699	$7,276,753	1,430,716	1,266,783
Interest income			17,914	31,327
Other income and benefits			$ 84,281	$ 44,223
Foreign exchange gain (loss)			(63,618)	2,686
Finance costs			(288,256)	(256,959)
Other expenses and losses			(62,818)	(31,390)
Profit before income tax			$1,118,219	$1,056,670

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

(II) 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.

Table 1

Taiwan Paiho Limited and Subsidiaries

Financing Provided to Others

January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Lender	Borrower	Financial statement account	Related party or not	Maximum balance of the current period (Notes 5 and 7)	Ending balance (Notes 6 and 7)	Actual borrowing amount (Notes 6, 7 and 9)	Interest rate range	Nature of financing (Note 8)	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment loss	Collateral		Lending limit of individual objects (Notes 1, 2, 3 and 4)	Aggregate financing limit (Notes 1, 2, 3, and 4)
													Name	Value		
1	Paiho Int'l Limited	Vietnam Paiho Limited	Receivable from related parties	Y	$ 114,574 (USD 4,004)	$ 78,290 (USD 2,672)	$ 78,290 (USD 2,672)	4.20%	Necessary for long-term financing	$ -	Operating capital	$ -	–	$ -	$ 8,508,236	$ 8,508,236
		PT. Paiho Indonesia	Receivable from related parties	Y	279,370 (USD 9,000)	263,700 (USD 9,000)	263,700 (USD 9,000)	4.20%	Necessary for long-term financing	-	Operating capital	-	–	-	8,508,236	8,508,236
2	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	Receivable from related parties	Y	2,269,510 (USD 70,000)	1,567,550 (USD 53,500)	1,567,550 (USD 53,500)	3-month USD TAIFX rate + 1%	Necessary for short-term financing	-	Operating capital	-	–	-	2,757,158	2,757,158
		Hong Kong Best Expectation International Trading Limited	Receivable from related parties	Y	163,400 (USD 5,000)	146,500 (USD 5,000)	-	-	Necessary for short-term financing	-	Operating capital	-	–	-	2,757,158	2,757,158
3	Thomas Dynamic Material (Jiangsu) Co., Ltd	Wuxi Paihong Real Estate Co., Ltd	Receivable from related parties	Y	134,590 (RMB 30,000)	81,820 (RMB 20,000)	40,910 (RMB 10,000)	3.2%-3.5%	Necessary for short-term financing	-	Operating capital	-	–	-	1,979,309	1,979,309
4	Wuxi Paiwei Biotechnology Co. Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd	Receivable from related parties	Y	65,475 (RMB 15,000)	61,365 (RMB 15,000)	61,365 (RMB 15,000)	3.3%	Necessary for short-term financing	-	Operating capital	-	–	-	79,369	79,369
5	Hon Shin Corp	Vietnam Paihong Limited Company	Receivable from related parties	Y	310,623 (USD 9,500)	278,350 (USD 9,500)	278,350 (USD 9,500)	3-month USD TAIFX rate + 1%	Necessary for short-term financing	-	Operating capital	-	–	-	380,925	380,925
6	Dongguan Paihong Industry Co., Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd	Receivable from related parties	Y	218,250 (RMB 50,000)	-	-	-	Necessary for short-term financing	-	Operating capital	-	–	-	994,888	994,888
		Wuxi Paihong Real Estate Co., Ltd	Receivable from related parties	Y	413,988 (RMB 93,000)	380,463 (RMB 93,000)	257,733 (RMB 63,000)	3.3%-3.7%	Necessary for long-term financing	-	Operating capital	-	–	-	2,487,219	2,487,219
7	Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Receivable from related parties	Y	42,030 (RMB 10,000)	40,910 (RMB 10,000)	-	-	Necessary for short-term financing	-	Operating capital	-	–	-	169,160	169,160

Note 1: For borrowers with 50% or more voting shares directly or indirectly owned by the Company, Paiho Shih Holdings Corporation and Thomas Dynamic Material (Jiangsu) Co., Ltd, the financing limit for each borrower and aggregate financing limit is 40% of the net worth of the lender.

Note 2: The financing limit and aggregate financing limit from Dongguan Paihong Industry Co., Ltd. to Thomas Dynamic Material (Jiangsu) Co., Ltd., is 40% of the net worth of Dongguan Paihong Industry Co., Ltd.

Note 3: The maximum amount permitted to Thomas Dynamic Material (Jiangsu) Co., Ltd., and the total amount permitted to Thomas Dynamic Material (Jiangsu) Co., Ltd., are capped at 40% of the net worth of Wuxi Paiwei Biotechnology Co. Ltd.

Note 4: For borrowers whose voting shares are 100% owned, directly or indirectly, by the Company and Paiho Shih Holdings Corporation, the individual and total amount of lending to a borrower shall not exceed the lender's net worth.

Note 5: The highest New Taiwan dollar balance accumulated as of the current month is calculated by multiplying the highest foreign currency balance in the month of occurrence by the exchange rate of New Taiwan dollar on the day of occurrence.

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

Note 7: The highest balance accumulated as of the current month and the ending balance were loans approved by the board of directors.

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

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

Table 2

Taiwan Paiho Limited and Subsidiaries

Endorsement/Guarantee Provided

January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars or Foreign Currency)

Number	Name of endorser /guarantor	Endorsee/guaranteed party		Limits on endorsement/ guarantee given to each entity (Notes 3, 4 and 5)	Highest endorsement guarantee balance for the current period (Note 6)	Endorsement/ guarantee balance at the end of the period (Note 7)	Actual borrowing amount (Note 7)	Endorsements and guarantees secured by property	Ratio of accumulated endorsement/ guarantee amount to net value in the latest financial statement	Endorsement/guarantee limit (Notes 3, 4 and 5)	Endorsement/ guarantee by the parent company for the subsidiary	Endorsement/ guarantee by the subsidiary for the parent company	Endorsement/ guarantee for companies in mainland China
		Company name	Relationship										
0	The Company	Paiho Int'l Limited	(Note 1)	$ 32,272,205	$ 32,455 (USD 1,000)	$ 29,300 (USD 1,000)	$ -	$ -	0.23%	$ 51,635,528	Y	—	—
		Zhong Yuan Xing Ye Company Ltd	(Note 1)	32,272,205	32,570 (USD 1,000)	29,300 (USD 1,000)	-	-	0.23%	51,635,528	Y	—	—
		PT. Paiho Indonesia	(Note 1)	32,272,205	2,057,195 (USD 64,000)	1,728,700 (USD 59,000)	410,200 (USD 14,000)	-	13.39%	51,635,528	Y	—	—
1	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 1)	17,232,235	8,678,114 (USD 270,175)	6,713,363 (USD 229,125)	4,490,225 (USD 153,250)	-	97.40%	27,571,576	—	—	—
		Hong Kong Best Expectation International Trading Limited	(Note 1)	17,232,235	3,696,600 (USD 115,000)	3,296,250 (USD 112,500)	2,647,255 (USD 90,350)	-	47.82%	27,571,576	—	—	—
2	Dongguan Paihong Industry Co., Ltd	Thomas Dynamic Material (Jiangsu) Co., Ltd.	(Note 2)	6,218,048	447,500 (RMB 100,000)	409,100 (RMB 100,000)	204,550 (RMB 50,000)	-	16.45%	9,948,876	—	Y	Y

Note 1: The relationship of endorsement/guarantee party and endorsee/guaranteed party should be the Company holding more than 50% of the voting shares directly or indirectly.

Note 2: The relationship of endorsement/guarantee party and endorsee/guaranteed party should be that of a Company holding more than 50% of the voting shares of the other Company directly or indirectly.

Note 3: For the Company's endorsements and guarantees to a subsidiary with more than 50% of its voting shares held, and the endorsements and guarantees of Paiho Shih Holdings Corporation to an affiliated enterprise, the amount shall not exceed 250% of the net value of the Company and Paiho Shih Holdings Corporation, respectively, and the total amount shall not exceed the limit of total endorsements/guarantees.

Note 4: For the Corporation's endorsements/guarantees to subsidiaries with more than 50% of their voting shares held, and the endorsements/guarantees of Paiho Shih Holdings Corporation to affiliated enterprises, the total amount shall not exceed 400% of the net value of the Corporation and Paiho Shih Holdings Corporation, respectively.

Note 5: The amount of endorsements/guarantees by Dongguan Paihong Industry Co., Ltd. to Thomas Dynamic Material (Jiangsu) Co., Ltd. is limited to 250% of the net worth of Dongguan Paihong Industry Co., Ltd., but the total amount of endorsements/guarantees is limited to 400% of the net worth of Dongguan Paihong Industry Co., Ltd.

Note 6: The highest New Taiwan dollar balance accumulated as of the current month is calculated by multiplying the highest foreign currency balance in the month of occurrence by the exchange rate of New Taiwan dollar on the day of occurrence.

Note 7: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Table 3

Taiwan Paiho Limited and Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars or Foreign Currency)

Buyer/seller	Counterparty (Note 2)	Relationship	Transaction situation				Situation and reason why transaction terms are different from ordinary transactions		Notes/trade receivables (payable)		Remark
			Purchase (sale)	Amount (Note 2)	Purchase/sale %	Credit period	Unit price	Credit period	Balance (Note 2)	Percentage of total notes and accounts receivable (payable)	
Vietnam Paiho Limited	He Mei Xing Ye Company Ltd	(Note 1)	(Sales)	$ 312,024 (USD 9,794)	(16%)	Payment to be received in approximately 3 months	At market price	About 3 months	$ 38,490 (USD 1,314)	10%	—
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company (Note 2)	(Note 1)	(Sales)	573,404 (USD 17,998)	(39%)	Payment to be received in approximately 3 months	At market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	(971) (USD 33)	-	—
	Dongguan Paihong Industry Co., Ltd (Note 2)	(Note 1)	(Sales)	119,921 (USD 1,265) (RMB 17,999)	(8%)	Payment to be received in approximately 3 months	At market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	26,948 (USD 295) (RMB 4,501)	8%	—
	Thomas Dynamic Material (Jiangsu) Co., Ltd (Note 2)	(Note 1)	(Sales)	130,469 (USD 1,341) (RMB 20,145)	(9%)	Payment to be received in approximately 3 months	At market price or Hong Kong Best Expectation International Trading Limited's purchase price plus 10%	About 3 months	55,758 (USD 46) (RMB 13,302)	16%	—
Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited (Note 2)	(Note 1)	(Sales)	288,056 (USD 9,042)	(24%)	Payment to be received in approximately 3 months	At market price or at 85% of Hong Kong Best Expectation International Trading Limited's selling price	About 3 months	142,410 (USD 4,860)	35%	—
Dongguan Paihong Industry Co., Ltd	Hong Kong Best Expectation International Trading Limited (Note 2)	(Note 1)	(Sales)	164,321 (RMB 37,467)	(10%)	Payment to be received in approximately 3 months	At market price or at 85% of Hong Kong Best Expectation International Trading Limited's selling price	About 3 months	52,024 (RMB 12,717)	9%	—

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

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

Table 4

Taiwan Paiho Limited and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

June 30, 2025

In Thousands of New Taiwan Dollars or Foreign Currency

Company name	Related party (Note 3)	Relationship	Ending balance (Note 1)	Turnover rate	Amount of overdue receivables from related parties		Amounts received in subsequent period	Allowance for impairment loss
					Amount	Method of treatment		
Paiho Int’l Limited	PT. Paiho Indonesia	(Note 2)	$ 265,927 (USD 9,076)	-	$ -	—	$ 2,215 (USD 75)	$ -
Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(Note 2)	1,582,906 (USD 54,024)	-	-	—	10,227 (USD 349)	-
Dongguan Paihong Industry Co., Ltd	Wuxi Paihong Real Estate Co., Ltd	(Note 2)	272,336 (RMB 66,569)	-	-	—	-	-
Hon Shin Corp	Vietnam Paihong Limited Company	(Note 2)	278,591 (USD 9,508)	-	-	—	-	-
Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(Note 2)	142,410 (USD 4,860)	-	-	—	60,368 (USD 2,060)	-

Note 1: Including account receivables, other receivables and receivables from related party.

Note 2: Refer to Note 10 of the consolidated financial statements.

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

Table 5

Taiwan Paiho Limited and subsidiaries

Intercompany Relationships and Significant Transactions

January 1 to June 30, 2025

In Thousands of New Taiwan Dollars or Foreign Currency

Number	Trader's name	Counterparty	Relationship (Note 1)	Transaction details				
				Financial statement account	Amount (Note 2)		Payment terms	Percentage of consolidated total revenue or total assets (%)
0	The Company	He Mei Xing Ye Company Ltd.	(1)	Operating income	$	54,032	About 3 months	1
		Vietnam Paiho Limited	(1)	Operating income		69,091	About 3 months	1
		Hong Kong Best Expectation International Trading Limited	(1)	Operating income		94,840	About 3 months	1
1	Paiho Int'l Limited	PT. Paiho Indonesia	(1)	Receivable from related parties	USD	9,076	—	1
2	Thomas Dynamic Material (Jiangsu) Co., Ltd	Hong Kong Best Expectation International Trading Limited	(1)	Operating income	RMB	19,822	About 3 months	1
3	Dongguan Paihong Company	Wuxi Paihong Real Estate Co., Ltd	(3)	Receivable from related parties	RMB	66,569	—	1
		Hong Kong Best Expectation International Trading Limited	(1)	Operating income	RMB	37,467	About 3 months	2
4	Zhong Yuan Xing Ye Company Ltd	PT. Paiho Indonesia	(3)	Operating income	USD	1,913	About 3 months	1
5	Paiho Shih Holdings Corporation	Vietnam Paihong Limited Company	(1)	Receivable from related parties	USD	54,024	—	5
			(1)	Interest income and other income	USD	1,950	—	1
6	Vietnam Paiho Limited	He Mei Xing Ye Company Ltd	(2)	Operating income	USD	9,794	About 3 months	4
		PT. Paiho Indonesia	(3)	Operating income	USD	1,298	About 3 months	1
		Paiho North America Corporation	(3)	Operating income	USD	2,677	About 3 months	1
7	Hon Shin Corp	Vietnam Paihong Limited Company	(3)	Receivable from related parties	USD	9,508	—	1
8	Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	(1)	Operating income	USD	17,998	About 3 months	7
		Dongguan Paihong Industry Co., Ltd	(2)	Operating income	USD	1,265	About 3 months	1
			(2)	Operating income	RMB	17,999	About 3 months	1
		Thomas Dynamic Material (Jiangsu) Co., Ltd	(2)	Operating income	USD	1,341	About 3 months	1
			(2)	Operating income	RMB	20,145	About 3 months	1
9	Vietnam Paihong Limited Company	Hong Kong Best Expectation International Trading Limited	(2)	Operating income	USD	9,042	About 3 months	4
			(2)	Receivable from related parties	USD	4,860	—	1

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

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

Table 6

Taiwan Paiho Limited and Subsidiaries

Information on Investees

January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars or Foreign Currency)

Investee company	Name of investee	Location	Main businesses and products	Original investment amount		Holding at the end of the period			Profit/loss of the investee in the current period	Profit/loss recognized in the current period (Note 3)	Remark
				End of the period	End of the last year	Number of shares	Ratio	Carrying amount (Note 3)			
The Company	Paiho Int'l Limited	British Virgin Islands	International investment	$ 822,163	$ 822,163	24,368,565	100%	$ 7,983,886	$ 565,659	$ 582,437	Subsidiary
	Paiho Group Inc	British Virgin Islands	International investment	125,705	125,705	2,067,663	100%	123,384	1,674	1,674	Subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	536,266	536,266	178,200	99%	1,516,914	102,493	101,468	Subsidiary
	Paiho North America Corporation	California, USA	Sales of touch fasteners and various type of webbings	266,330	266,330	800,000	100%	283,317	8,416	8,416	Subsidiary
	Spring Rich Limited	Changhua County, Taiwan	Extra processing of webbings	3,000	3,000	-	100%	6,879	184	184	Subsidiary
	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacture and extra processing on touch fasteners and various type of webbings	358,776	358,776	-	33%	1,673,297	280,032	92,327	Indirect subsidiary of subsidiary
Paiho Int'l Limited	Paiho Shih Holdings Corporation	British Cayman Islands	International investment	USD 39,197	USD 39,197	199,247,299	50%	3,136,751	293,269	(Note 1)	Indirect subsidiary
	He Mei Xing Ye Company Ltd	British Samoa	Internal investment and trade	USD 16,263	USD 16,263	23,636,140	100%	3,895,891	422,431	(Note 1)	Indirect subsidiary
	Zhong Yuan Xing Ye Company Ltd.	British Samoa	International trading	USD 5,760	USD 5,760	5,760,000	100%	50,910	(8,992)	(Note 1)	Indirect subsidiary
	PT. Paiho Indonesia	Sukabumi, Indonesia	Production & marketing of touch fasteners, various type of webbings and elastics	USD 180	USD 180	1,800	1%	15,322	102,493	(Note 1)	Subsidiary
He Mei Xing Ye Company Ltd	Vietnam Paiho Limited	Ho Chi Minh City, Vietnam	Manufacture and extra processing on touch fasteners and various type of webbings	773,954	773,954	-	67%	3,402,166	280,032	(Note 1)	Indirect subsidiary of subsidiary
Paiho Group Inc	Paiho Holdings Limited	British Virgin Islands	International investment	125,705	125,705	2,067,663	100%	123,381	1,674	(Note 1)	Indirect subsidiary
Paiho Holdings Limited	Braits Company Limited	British Virgin Islands	International investment	43,518	43,518	101,385	100%	121,409	1,994	(Note 1)	Indirect subsidiary of subsidiary
Paiho Shih Holdings Corporation	Hong Kong Antex Limited	Hong Kong	International investment	USD 54,335	USD 54,335	54,334,644	100%	4,305,119	282,347	(Note 1)	Indirect subsidiary of subsidiary
	Hon Shin Corp	British Samoa	Internal investment and trade	USD 20,000	USD 20,000	20,000,000	100%	334,493	10,649	(Note 1)	Indirect subsidiary of subsidiary
Hong Kong Best Expectation International Trading Limited	Vietnam Paihong Limited Company	Binh Duong, Vietnam	Production and sale of mesh and other fabrics	USD 190,000	USD 190,000	-	100%	2,671,048	(16,698)	(Note 1)	Indirect subsidiary under several layers of holding
Shanghai Best Expectation Textile Trading Limited	Hong Kong Best Expectation International Trading Limited	Hong Kong	Internal investment and trade	USD 110,064	USD 110,064	110,063,700	100%	17,779	(57,731)	(Note 1)	Indirect subsidiary under several layers of holding

Note 1: Information filling is exempted according to regulations.

Note 2: For information on investment in mainland China, please refer to Table 7.

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

Table 7

Taiwan Paiho Limited and Subsidiaries

Information on Investment in Mainland China

January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars or Foreign Currency)

Name of the investee company in mainland China (Note 1)	Main businesses and products	Paid-in capital	Investment method	Cumulative investment amount remitted out from Taiwan at the beginning of the period	Remittance of funds		Cumulative investment amount remitted out from Taiwan at the end of the period	Net profit (loss) of the investee	Shareholding ratio of the Company's direct or indirect investment	Investment gain (loss) (Note 9)	Carrying amount at the end of the period (Note 9)	Accumulated repatriation of investment income as of the end of the current period (Note 8)
					Outward	Inward						
Dongguan Paiho Business Service Limited	Non-residential property leasing	$ 141,021 (RMB 34,471)	(Note 1)	$ -	$ -	$ -	$ -	$ 888	100%	$ 888	$ 142,060	$ 1,214,739
Thomas Dynamic Material (Jiangsu) Co., Ltd. (Note 7)	Processing of touch fasteners, webbing and embroidery	1,573,367 (RMB 384,592)	(Note 1)	511,620	-	-	511,620	318,483	50%	158,636	2,320,129	481,171
Wuxi Paisen Commerce Co., Ltd.	Non-residential property leasing	15,905 (RMB 3,888)	(Note 1)	45,711	-	-	45,711	2,146	100%	2,146	117,648	17,598
Dongguan Paihong Industry Co., Ltd (Note 7)	Production and sale of touch fasteners, elastic, webbings, and jacquard engineered mesh, and consumer electronic accessories, etc.	1,460,601 (RMB 357,028)	(Note 1)	141,664	-	-	141,664	320,383	50%	161,398	1,135,424	195,107
Wuxi Paihong Real Estate Co., Ltd. (Note 7)	Commercial housing management, planning, consulting, and property sales, development, leasing, design and decoration	1,554,580 (RMB 380,000)	(Note 1)	(Note 2)	-	-	-	(34,227)	50%	(17,095)	1,131,643	-
Wuxi Paiwei Biotechnology Co. Ltd (Note 7)	Production and sales of masks and non-woven fabrics	531,830 (RMB 130,000)	(Note 1)	(Note 3)	-	-	-	(6,840)	50%	(3,399)	86,713	-
Shanghai Best Expectation Textile Trading Limited (Note 7)	Internal investment and trade	3,342,347 (RMB 817,000)	(Note 1)	(Note 4)	-	-	-	(57,704)	50%	(27,599)	53,819	-

Cumulative Investment Amount Remitted out from Taiwan to the Mainland at the End of the Period	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs	In Accordance with the Investment Quota in Mainland China Area Set by the Investment Commission of the Ministry of Economic Affairs
($ 699,293) (Note 8)	$ 348,793 (USD 11,904)	No upper limit (Note 5)

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

Note 2: The investment project is funded by Thomas Dynamic Material (Jiangsu) Co., Ltd.

Note 3: The investment is made by Hong Kong Antex Limited.

Note 4: The investment project is funded by Thomas Dynamic Material (Jiangsu) Co., Ltd and Dongguan Paihong Industry Co., Ltd.

Note 5: Under the "Principles for the Review of Investment or Technological Joint Venture in mainland China" of the Investment Commission dated August 29, 2008, the Corporation was issued the certification document for proof of within the scope of operation of the corporate headquarters by Industrial Development Bureau, MOEA, for investment in mainland China with no upper limit of the fund.

Note 6: If the figures in this table involve foreign currencies, they are converted into New Taiwan dollars at the exchange rate on the balance sheet date.

Note 7: With the reference to the reviewed financial statements of the parent Company.

Note 8: Including the cumulative investment remitted out from Taiwan to mainland China and the remitted investment income back to Taiwan as of the end of the current period.

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