

# PAIHO SHIH HOLDINGS CORPORATION

## Minutes of 2024 Annual General Shareholders' Meeting

(Translation)

Type of the Shareholders' Meeting: Physical Shareholders' Meeting

Time: 9 a.m., June 18th, 2024 (Tuesday)

Venue: Taiwan office of the Company

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

Present : Attending shareholders and proxy represented 264,250,875 shares (including 218,410,842 shares which attended through electronic voting) accounting for 66.07 % of 399,937,032 shares, the Company's total outstanding shares.

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

Other Present : Auditor Ting-Chien Su, Lawyer Shih-Han Chang

Chairman : Mr. Kuo-Ian Cheng

Recorder: Yu-Min Chang

Call Meeting to Order:

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

**Chairman's Address:** Omitted.

### Report Items

1. To report the business of 2023.

Please refer to Attachment 1 for 2023 Business Report.

2. Audit Committee's Review Report of 2023.

Please refer to Attachment 2 for Audit Committee's Review Report of 2023.

3. To report on the compensations distribution of employees and directors for 2023.

The Company made a loss before (after) tax for 2023, therefore, no employees' compensation and directors' remuneration were distributed.

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

The endorsements/guarantees of the Company are made mainly for the affiliated Company with more than 50% shareholdings held by the Company, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank. The total amount of endorsements/guarantees made by the Company as of the end of 2023 was in the amount of NT\$8,474,580 thousands, accounting for 175.4% of the Company's net worth on December 31, 2023. Please refer to Attachment 3.

## **Ratification Items**

1. To accept 2023 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2023 Consolidated Financial Statements have been audited by Ting-Chien Su and Shao-Chun Wu of Deloitte & Touche, who have issued an independent auditors' report. Please refer to Attachment 4.
- (2) Business Report, Please refer to Attachment 1.
- (3) 2023 Business Report, Consolidated Financial Statements, and loss off-setting proposal have been reviewed and issued a review report by the Audit Committee.

Voting Results: Shares represented at the time of voting: 260,028,116

Voting Results	% of the Total Represented Share Present
Approval Votes:250,516,217 votes	96.34%
Disapproval Votes:130,102 votes	0.05%
Abstention Votes:9,381,797 votes	3.60%
Invalid Votes: none	0.00%

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

2. To approve the proposal for 2023 deficit compensation. (Proposed by the Board of Directors)

Explanation: Table of 2023 deficit compensation is as follows :

PAIHO SHIH HOLDINGS CORPORATION

Table of 2023 deficit compensation

Unit:NTD

Unappropriated retained earnings of previous years		\$1,740,729,394
+ 2023 net loss after tax	\$(627,253,941)	
+ Remeasurement of defined benefit plans recognized in retained earnings	19,550,456	
— Special reserve	(147,031,339)	
Distributable retained earnings of current period		985,994,570
Distribution items		
Cash dividend (NT\$0 per share)	0	
Stock dividend (NT\$0 per share)	0	
Unappropriated retained earnings at the end of period		\$985,994,570

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

Voting Results: Shares represented at the time of voting: 260,028,116

Voting Results	% of the Total Represented Share Present
Approval Votes:250,517,333 votes	96.34%
Disapproval Votes:132,135 votes	0.05%
Abstention Votes:9,378,648 votes	3.60%
Invalid Votes: none	0.00%

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

**Discussion Items**

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

Explanation : In order to comply with the revision of regulations and operational needs, the Board proposed to amend partial articles of Memorandum and Articles of Association. Please refer to Attachment 5.

Voting Results: Shares represented at the time of voting: 260,028,116

Voting Results	% of the Total Represented Share Present
Approval Votes:250,511,726 votes	96.34%
Disapproval Votes:128,726 votes	0.04%
Abstention Votes:9,387,664 votes	3.61%
Invalid Votes: none	0.00%

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

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

**Meeting Adjourned**

(This minutes of the 2024 Annual General Shareholders’ Meeting stated the meeting and the shareholders’ statements briefly. The content, the process and the shareholder’s statements of the meeting shall be referred to audio and video conference records.)

Shareholders did not raise any questions at this annual shareholders' meeting.

Chairman : Mr. Kuo-Ian Cheng

Recorder: Yu-Min Chang

## Attachment 1

### 2023 Business Report

#### 1. Business Implementation Outcome

Unit : NTD thousands

Item \ Year	2023	2022	Difference Amount	Difference %
Net Sales	5,269,433	8,072,805	(2,803,372)	(34.73)
Gross Profit	1,550,747	2,741,713	(1,190,966)	(43.44)
Profit from Operations	(66,668)	1,061,763	(1,128,431)	(106.28)
Profit Before Income Tax	(581,774)	879,212	(1,460,986)	(166.17)
Net Profit	(627,318)	555,863	(1,183,181)	(212.85)

#### Change and Difference Analysis:

Due to the sluggish market, the decrease in terminal demand and the slower-than-expected speed of inventory removal of various brands, the shipment of the Company's traditional products (touch fasteners, elastics, webbings and jacquard engineered mesh, etc.) were further affected. As for the real estate industry, the related construction projects have been completed and sold in previous years, only remaining houses are being sold off, and no new construction projects have been launched, resulting in a significant decrease in real estate sales revenue.

In summary, as the traditional business and real estate sales have both decreased significantly, the capacity utilization rate of related products has declined, and due to the impact of rising US dollar interest rates, the 2023 operating revenue, operating profits and net profit before tax was significantly reduced compared to 2022.

- Budget Execution: For the year of 2023, the Company has not established a financial forecast.
- Financial Revenue/Expenditure and Profitability Analysis

Item		2023	2022
Capital Structure (%)	Debt Ratio	73.07	68.67
	Long-term Funds to Property, Plant and Equipment Ratio	92.47	75.17
Liquidity (%)	Current Ratio	76.61	63.58
	Quick Ratio	38.30	30.01
Profitability (%)	Return on Total Assets	(0.33)	4.31
	Return on Equity	(12.06)	9.67
	Net Profit Margin	(11.90)	6.89
	Earnings Per Share Attributable to Shareholders of the Parent (NTD)	(1.90)	1.68

#### 4. Status of Research and Development

The Company and subsidiaries are established with a dedicated research and development department or design center, in charge of the research and development of all products and manufacturing processes. The annual research and development budget invested accounts for 5% of the net sales. The Company and subsidiaries will continue to develop and innovate in line with the brand style and popular trends to upgrade added value, satisfy the personalized needs of different customers, and improve the corporate economic efficiency.

The annual planned development in 2024 for new products and research of the Company and subsidiaries include: Automatic decreasing linear pressure of comfort elastic tape with the increasing of body temperature; Elastic tape with wrinkle lace and reflection function on the surfaces; Compound tape of warp loop knit and molded hook with the automatic gluing function; Antiviral and comfort elastic tape; One-way wet permeability elastic tape with the quick dry function of inner surface; One-way wet permeability elastic tape with the more water absorption function; One-way wet permeability elastic tape with the cool and deodorization functions; Wool circle jacquard woven belt sandals manufacturing method and wool circle jacquard woven belt sandals; Shoe product filling equipment and filling process; Yarn tension adjusting device, etc.

#### 5. 2024 Business Plan Overview

##### (1) Operational Strategy

- (A) We strive to actively develop online sales and continue to integrate information systems, actively expand marketing channels by combining online and offline methods, and comprehensively improve the Company's intelligentization of production, R&D, management, sales and other links through intelligent transformation and digital transformation to improve product quality, reduce costs and increase profits, and continue to enhance the core competitiveness of products.
- (B) The Company will continue to strengthen its independent innovation capabilities and rapid product and technology update capabilities, continue to expand product application areas, shorten the R&D cycle, continue to increase investment in R&D to serve customer needs, and improve the comprehensive service capability of developing new products for various brand customers to develop into a brand strategic partner and transform into a comprehensive solution provider in the high-end textile field.
- (C) Expansion of various operating bases, setting up subsidiaries and branches in various parts of mainland China according to the market demand, actively integrating into the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and strengthening the layout in Southeast Asia, developing potential markets to a greater extent, and giving full play to the business team and expansion of market channels to achieve business diversification.
- (D) Through the R&D technology and production capacity advantages of jacquard engineered mesh, we have long-term collaborative cooperation with brand customers to create quality products that are in line with market innovation and differentiation.
- (E) Continue to strengthen the sustainable development management system, improve corporate governance, fulfill the promise of energy conservation and emission reduction, build an ecological and green enterprise, actively advocate a circular economy, emphasize social responsibility and employee care, so as to take the leadership for value innovation, integration, green environment and sharing on the improving corporate management structure.

(2) Expected Sales Quantity and its Basis

On top of the traditional business of webbings, touch fasteners and elastics, we are striving to develop new products and product applications, enhance 3C and medical and health peripheral product lines and actively enters the supply of fabrics development of the warp knitted mesh business and deployment in the Southeast Asian market, which provides a steady momentum for the Company's continuous growth.

(3) Important Production and Marketing Policies

- (A) To deploy the online selling platform, we have created a mobile digital catalog with an interactive search engine to enable total and integrated solutions for the customers of different sectors.
- (B) Through the integration of resources between the groups, we improve and integrate our production for elevating the competitiveness from better cost structure and yield rate, along with shortened production period and labor saving through the intelligentization of facilities for higher automatic and AI manufacturing procedures.
- (C) We continue to broaden our customer base to form long-term partnerships through creating new and eco-friendly products with the associated applications and setting up additional marketing locations.
- (D) In response to customer needs, the Company will deploy in the Mainland China and Southeast Asian markets, serve brand customers in the vicinity, strengthen the collaborative development ability with brand customers, and influence the marketing layout.
- (E) We will continue the efforts to the environment via hardware transformation and software upgrade to stay on the path of green manufacturing.

(4) The Company's Future Development Strategy

- (A) We continue to strengthen the layout in Mainland China and Southeast Asia; strengthen the R&D, production, and sales capabilities in various regions to serve customers close-by and meet customer needs.
- (B) There are needs to improve corporate identity, strengthen product identification, focus on enhancing corporate awareness and brand influence, and gradually initiate the process of global brand strategy, and strive to enhance the Company's global brand influence.
- (C) For digitalization transformation, we will expand our online selling platform with customer-end mobile application, in order to strengthen our digital technology platform and construct a transaction system for the needs of real-time sample viewing and ordering through an optimized and enhanced service platform.
- (D) By providing terminal R&D and design solutions with the help of own database and digital system, we provide customized design solutions to coordinate the realization of customers' creative ideas and form the Company's unique service characteristics.
- (E) We will continue the development work to strengthen the R&D, manufacturing, and sales capabilities of webbing (shoelaces), touch fasteners, elastics, and jacquard engineered mesh products, to broaden the applications, integrate resources and create selling opportunities.

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

The Company's business items mainly include the production and sale of webbing (shoelaces), touch fasteners, elastics and other accessories, as well as jacquard engineered mesh products. Although there are many competitors, most of them can only provide a single product or have incomplete production capacity and layout. With a complete and sufficient product line and capacity, and the ability to jointly develop products with leading brands, the Company not only has a foothold and is deeply rooted in China, but also has a presence in Southeast Asia, coupled with the constant efforts in internal resources integration, we focus on developing products and services of high added value, implementation of energy conservation and carbon reduction, strengthening corporate governance, and fulfillment of social responsibilities, which provide the Company with excellent advantages for sustainable development.

In recent years, the Sino-US trade war, COVID-19, the Russo-Ukrainian War, and the interest rate increase in the United States have inevitably restricted the normal development of the Company. However, looking at the overall development trend, with the continuous improvement of the external operating environment, with the Company's long-established competitive advantages and the ability to make timely and flexible adjustments in response to changes in the external environment, it is expected that the Company will grasp the new development opportunities and return to the growth track.

Chairman :  
Kuo-Ian Cheng

General Manager :  
Hsin-Jung Cheng

Accounting Officer :  
Yu-Min Chang



## **Attachment 2**

### **Audit Committee's Review Report**

The Board of Directors have prepared and submitted the Company's 2023 Consolidated Financial Statements that have been audited by Ting-Chien Su and Shao-Chun Wu of Deloitte & Touche. The Consolidated Financial Statements, 2023 Business Report and loss off-setting proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of PAIHO SHIH HOLDINGS CORPORATION. Therefore, we hereby submit this report.

Sincerely,

2024 Annual General Shareholders' Meeting

PAIHO SHIH HOLDINGS CORPORATION

Chairman of Audit Committee : Yung-Fu Wu

Member of Audit Committee : Wen-Chang Chen

Member of Audit Committee : Yuh-Ching Tsai

Member of Audit Committee : Kai-Li Wang

March 13, 2024

Attachment 3

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars or Foreign Currency)**

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Shin Corp.	Note 1	\$ 12,595,923	\$ 88,995 (USD 3,000)	\$ -	\$ -	\$ -	-	\$ 20,153,476	Yes	-	-
		Vietnam Paihong Company Limited	Note 1	12,595,923	6,914,915 (USD 221,750)	5,711,130 (USD 186,000)	4,611,001 (USD 150,171)	330,063 (USD 10,749)	113.35%	20,153,476	Yes	-	-
		Hong Kong Best Expectation International Trading Limited	Note 1	12,595,923	7,636,500 (USD 250,000)	2,763,450 (USD 90,000)	2,763,450 (USD 90,000)	-	54.85%	20,153,476	Yes	-	-

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

Note 2: The amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall be limited to the net worth 250% of the Corporation, and the total amount shall not exceed the guarantee limit.

Note 3: The total amount of endorsements/guarantees provided to individual subsidiaries in which the Corporation has a shareholding ratio of more than 50% shall not exceed 400% of the net worth of the Corporation.

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

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

## **Attachment 4**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Paiho Shih Holdings Corporation

#### **Opinion**

We have audited the accompanying consolidated financial statements of Paiho Shih Holdings Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

### Revenue Recognition

The Group is mainly engaged in the manufacturing and sale of touch fasteners, webbing (shoelaces), elastics, and jacquard engineered mesh as well as the sale of residential buildings constructed by entrusted construction contractors. Among all the goods, the revenue from the sale of jacquard engineered mesh has a significant impact on the operating revenue and profit of the Group. Therefore, we identified the recognition of sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ting-Chien Su and Shao-Chun Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,452,702	8	\$ 1,639,934	9
Financial assets at amortized cost - current (Notes 4, 7 and 29)	330,063	2	-	-
Notes receivable (Notes 4 and 8)	2,164	-	169	-
Trade receivables (Notes 4 and 8)	1,004,503	5	1,058,032	6
Trade receivables - related parties (Notes 4, 8 and 28)	8,367	-	9,015	-
Other receivables	19,914	-	23,496	-
Inventories - manufacturing (Notes 4 and 9)	1,191,975	7	1,298,558	7
Inventories - constructing (Notes 4 and 9)	2,140,005	12	2,273,955	13
Other current assets (Note 15)	724,981	4	608,631	4
Total current assets	<u>6,874,674</u>	<u>38</u>	<u>6,911,790</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4, 7 and 28)	9,842	-	114,723	1
Property, plant and equipment (Notes 4, 11 and 28)	9,699,733	54	9,189,388	52
Right-of-use assets (Notes 4 and 12)	934,158	5	966,504	5
Investment properties (Notes 4 and 13)	92,256	1	-	-
Goodwill (Notes 4 and 14)	138,427	1	138,669	1
Other intangible assets (Note 4)	1,176	-	7,734	-
Deferred tax assets (Notes 4 and 23)	83,954	-	86,951	-
Prepayments for machinery and equipment	84,931	1	331,952	2
Other non-current assets (Note 15)	23,910	-	30,949	-
Total non-current assets	<u>11,068,387</u>	<u>62</u>	<u>10,866,870</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 17,943,061</u>	<u>100</u>	<u>\$ 17,778,660</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 7,794,154	44	\$ 5,661,809	32
Contract liabilities - current (Notes 4 and 21)	15,121	-	28,836	-
Trade payables	300,762	2	442,911	3
Trade payables - related parties (Note 28)	44,813	-	41,634	-
Other payables (Notes 17 and 28)	750,071	4	809,175	5
Current tax liabilities (Notes 4 and 23)	33,565	-	218,468	1
Lease liabilities - current (Notes 4 and 12)	-	-	1,937	-
Current portion of long-term borrowings (Note 16)	22,992	-	3,637,467	20
Other current liabilities	12,046	-	28,344	-
Total current liabilities	<u>8,973,524</u>	<u>50</u>	<u>10,870,581</u>	<u>61</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	3,367,678	19	497,199	3
Deferred tax liabilities (Notes 4 and 23)	507,447	3	565,362	3
Lease liabilities - non-current (Notes 4 and 12)	-	-	804	-
Deferred revenue - non-current (Note 4)	117,007	-	126,665	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	132,861	1	136,959	1
Guarantee deposits received	12,480	-	10,702	-
Total non-current liabilities	<u>4,137,473</u>	<u>23</u>	<u>1,337,691</u>	<u>8</u>
Total liabilities	<u>13,110,997</u>	<u>73</u>	<u>12,208,272</u>	<u>69</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
Common stock	3,309,370	18	3,151,781	18
Shares received in advance	69,599	-	-	-
Capital surplus	466,677	3	456,751	2
Retained earnings				
Special reserve	568,162	3	497,668	3
Unappropriated earnings	1,133,027	7	2,031,850	11
Other equity	(715,193)	(4)	(568,162)	(3)
Total equity attributable to owners of the Corporation	<u>4,831,642</u>	<u>27</u>	<u>5,569,888</u>	<u>31</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>422</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total equity	<u>4,832,064</u>	<u>27</u>	<u>5,570,388</u>	<u>31</u>
<b>TOTAL</b>	<u>\$ 17,943,061</u>	<u>100</u>	<u>\$ 17,778,660</u>	<u>100</u>

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

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 21 and 28)	\$ 5,269,433	100	\$ 8,072,805	100
COST OF GOODS SOLD (Notes 4, 9, 21, 22 and 28)	<u>3,718,686</u>	<u>70</u>	<u>5,331,092</u>	<u>66</u>
GROSS PROFIT	<u>1,550,747</u>	<u>30</u>	<u>2,741,713</u>	<u>34</u>
OPERATING EXPENSES (Notes 4, 22 and 28)				
Selling and marketing expenses	575,211	11	728,928	9
General and administrative expenses	657,320	13	636,346	8
Research and development expenses	381,640	7	393,544	5
Expected credit loss recognized (reversed) on trade receivables (Note 8)	<u>3,244</u>	<u>-</u>	<u>(78,868)</u>	<u>(1)</u>
Total operating expenses	<u>1,617,415</u>	<u>31</u>	<u>1,679,950</u>	<u>21</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(66,668)</u>	<u>(1)</u>	<u>1,061,763</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue	20,625	-	26,312	-
Finance costs (Notes 4 and 22)	(526,852)	(10)	(246,413)	(3)
Interest income	31,903	1	26,292	-
Other income (Notes 22 and 28)	39,292	1	64,248	1
Other expenses (Note 22)	(34,565)	(1)	(52,243)	(1)
Net loss on disposal of property, plant and equipment (Note 4)	(3,229)	-	(8,527)	-
Net gain (loss) on foreign exchange (Notes 4 and 22)	(17,428)	-	54,743	1
Impairment loss recognized on property, plant and equipment (Note 4)	<u>(24,852)</u>	<u>(1)</u>	<u>(46,963)</u>	<u>-</u>
Total non-operating income and expenses	<u>(515,106)</u>	<u>(10)</u>	<u>(182,551)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(581,774)	(11)	879,212	11
INCOME TAX EXPENSE (Notes 4 and 23)	<u>45,544</u>	<u>1</u>	<u>323,349</u>	<u>4</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(627,318)</u>	<u>(12)</u>	<u>555,863</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	19,550	1	17,139	-

(Continued)



**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
Foreign exchange differences on translation to presentation currency	8,739	-	586,522	7
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(155,784)</u>	<u>(3)</u>	<u>(657,222)</u>	<u>(8)</u>
Other comprehensive loss for the year	<u>(127,495)</u>	<u>(2)</u>	<u>(53,561)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<u>\$ (754,813)</u>	<u>(14)</u>	<u>\$ 502,302</u>	<u>6</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ (627,254)	(12)	\$ 555,749	7
Non-controlling interests	<u>(64)</u>	<u>-</u>	<u>114</u>	<u>-</u>
	<u>\$ (627,318)</u>	<u>(12)</u>	<u>\$ 555,863</u>	<u>7</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ (754,735)	(14)	\$ 502,394	6
Non-controlling interests	<u>(78)</u>	<u>-</u>	<u>(92)</u>	<u>-</u>
	<u>\$ (754,813)</u>	<u>(14)</u>	<u>\$ 502,302</u>	<u>6</u>
<b>EARNINGS (LOSS) PER SHARE (Note 24)</b>				
Basic	<u>\$ (1.90)</u>		<u>\$ 1.68</u>	
Diluted	<u>\$ (1.90)</u>		<u>\$ 1.68</u>	

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

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Total	Non-controlling Interests (Notes 4)	Total Equity
	Common Stock (Notes 4 and 20)	Shares received in advance (Note 4 and 20)	Capital Surplus (Note 4, 20 and 25)	Retained Earnings (Notes 4 and 20)		Exchange Differences on Translating Foreign Operations (Note 20)			
				Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2022	\$ 3,151,781	\$ -	\$ 456,751	\$ 418,225	\$ 2,398,903	\$ (497,668)	\$ 5,927,992	\$ 592	\$ 5,928,584
Appropriation of 2021 earnings									
Special reserve	-	-	-	79,443	(79,443)	-	-	-	-
Cash dividends	-	-	-	-	(787,945)	-	(787,945)	-	(787,945)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-
Actual acquisition of interests in subsidiaries	-	-	-	-	(72,553)	-	(72,553)	-	(72,553)
Net profit for the year ended December 31, 2022	-	-	-	-	555,749	-	555,749	114	555,863
Other comprehensive gain (loss) for the year ended December 31, 2022	-	-	-	-	17,139	(70,494)	(53,355)	(206)	(53,561)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	572,888	(70,494)	502,394	(92)	502,302
BALANCE AT DECEMBER 31, 2022	3,151,781	-	456,751	497,668	2,031,850	(568,162)	5,569,888	500	5,570,388
Appropriation of 2022 earnings									
Special reserve	-	-	-	70,494	(70,494)	-	-	-	-
Cash dividend	-	-	-	-	(63,036)	-	(63,036)	-	(63,036)
Share dividends	157,589	-	-	-	(157,589)	-	-	-	-
Share-based payment transactions	-	-	9,926	-	-	-	9,926	-	9,926
Shares received in advance	-	69,599	-	-	-	-	69,599	-	69,599
Net loss for the year ended December 31, 2023	-	-	-	-	(627,254)	-	(627,254)	(64)	(627,318)
Other comprehensive gain (loss) for the year ended December 31, 2023	-	-	-	-	19,550	(147,031)	(127,481)	(14)	(127,495)
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(607,704)	(147,031)	(754,735)	(78)	(754,813)
BALANCE AT DECEMBER 31, 2023	\$ 3,309,370	\$ 69,599	\$ 466,677	\$ 568,162	\$ 1,133,027	\$ (715,193)	\$ 4,831,642	\$ 422	\$ 4,832,064

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

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ (581,774)	\$ 879,212
Adjustments for:		
Depreciation expense	745,649	663,555
Amortization expense	820	86
Expected credit loss recognized (reversed) on trade receivables	3,244	(78,868)
Finance costs	526,852	246,413
Interest income	(31,903)	(26,292)
Compensation cost of share-based payment transactions	9,926	-
Loss on disposal of property, plant and equipment	3,229	8,527
Impairment loss recognized on property, plant and equipment, intangible assets	24,852	46,963
Write-down of inventories	118,008	149,692
Unrealized foreign currency exchange gain, net	(712)	(46,863)
Others	(7,738)	(7,406)
Changes in operating assets and liabilities		
Notes receivable	(2,025)	7,492
Trade receivables	56,942	634,105
Other receivables	4,990	101,416
Inventories - manufacturing	(2,106)	(49,027)
Inventories - constructing	(3,661)	270,734
Other current assets	(103,015)	(91,732)
Contract liabilities	(14,060)	(1,034,601)
Trade payables	(144,550)	(347,087)
Other payables	(149,308)	(236,175)
Increase in deferred revenue	-	48,728
Other current liabilities	(22,908)	(27,660)
Net defined benefit liabilities	<u>15,393</u>	<u>13,387</u>
Cash generated from operations	446,145	1,124,599
Interest received	31,903	26,292
Interest paid	(515,921)	(223,578)
Income tax paid	<u>(278,308)</u>	<u>(235,207)</u>
Net cash generated from (used in) operating activities	<u>(316,181)</u>	<u>692,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(343,193)	(905,610)
Proceeds from disposal of financial assets at amortized cost	114,174	932,296
Payments for property, plant and equipment	(931,468)	(2,655,462)
Proceeds from disposal of property, plant and equipment	17,267	11,756
Decrease in refundable deposits	4,702	16,686
Payments for intangible assets	(1,225)	(7,827)
(Increase) decrease in other non-current assets	4,132	(2,342)
Increase in prepayments for machinery and equipment	<u>(88,167)</u>	<u>(228,734)</u>
Net cash used in investing activities	<u>(1,223,778)</u>	<u>(2,839,237)</u>

(Continued)

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 2,131,264	\$ 3,564,424
Proceeds from long-term borrowings	5,610,179	2,213,395
Repayments of long-term borrowings	(6,373,482)	(2,472,530)
Collection (refund) of guarantee deposits received	1,807	(910)
Repayment of the principal portion of lease liabilities	(1,201)	(6,091)
Dividends paid to owners of the Corporation	(63,036)	(787,945)
Shares received in advance	69,599	-
Income taxes paid on disposal of subsidiaries	<u>-</u>	<u>(72,553)</u>
Net cash generated from financing activities	<u>1,375,130</u>	<u>2,437,790</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(22,403)</u>	<u>(310,340)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(187,232)	(19,681)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,639,934</u>	<u>1,659,615</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,452,702</u>	<u>\$ 1,639,934</u>

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

Attachment 5

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

No.	Amended version	Original version	Explanations
Memorandum of Association 8	The share capital of the Company is <del>Four</del> <u>Five</u> Billion New Taiwan Dollars (NT\$ <u>5,000,000,000</u> ) divided into <u>500,000,000</u> shares of a nominal or par value of Ten New Taiwan Dollars (NT\$10) each.	The share capital of the Company is Four Billion New Taiwan Dollars (NT\$4,000,000,000) divided into 400,000,000 shares of a nominal or par value of Ten New Taiwan Dollars (NT\$10) each.	Modified due to operational needs.
85(d)	Subject to the Law and these Articles, the Board may establish the rules and procedures of Audit Committee of the Company in accordance with the R.O.C. Laws. <u>The amendment of rules and procedures of Audit Committee of the Company shall be approved by the Board meeting.</u>	Subject to the Law and these Articles, the Board may establish the rules and procedures of Audit Committee of the Company in accordance with the R.O.C. Laws, which shall be put into force upon approval by way of an Ordinary Resolution.	Modified due to operational needs.
115	Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. <u>If no such chairman is elected, the chairman shall be determined pursuant to the rule and procedure of such committee.</u>	Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.	Modified due to operational needs.