

# **PAIHO SHIH HOLDINGS CORPORATION**

## Minutes of 2021 Annual General Shareholders' Meeting

(Translation)

Time : 9:00 a.m. on July 7<sup>th</sup>, 2021

Address : Taiwan office of the Company.(No.575, Ho Kang Rd., Hemei Township, Changhua County 508, Taiwan.)

Present : Attending shareholders and proxy represented 217,471,538 shares (including 13,160,449 shares which attended through electronic voting) accounting for 68.99% of 315,178,126 shares, the Company's total outstanding shares.

Directors Present : Shih-Chang Ko, Cheng-Tsung Cheng, Yi-Liang Shih, Yung-Fu Wu(convener of the audit committee), Cheng-Chu Lin(convener of the compensation committee), Yong-Jen Tsao.

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

Chairman : Mr. Kuo-Ian Cheng (Representative of PAIHO INT'L LIMITED)

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 2020.

Please refer to Attachment 1 for 2020 Business Report.

2. Audit Committee's Review Report of 2020.

Please refer to Attachment 2 for Audit Committee's Review Report of 2020.

3. To report on the compensations distribution to employees and directors of 2020.

The Company's net profit before taxes for the distribution of compensation to the employees and remuneration to the directors in 2020 was in the amount of USD 17,752,833. Employees compensation and directors remuneration resolved by the Board of Directors are as follows:

Unit:USD

Item	Persons Awarded	Amount of Payment by Board Resolution	Payment Method
Compensation to Employees	Employees	183,149	In Cash
Remuneration to Directors	Directors	149,438	In Cash
Total		332,587	

4. To report the cash dividends of earnings distribution for 2020.

- (1) The Company's unappropriated retained earnings of previous years was in the amount of NTD 1,093,810,225, plus 2020 net profit after tax of NTD 513,531,405, plus reversal of special reserve of NTD 258,257,316, and after the actuarial loss was included in the retained earnings of NTD 15,696,692, the distributable retained earnings of current period was in the amount of NTD 1,849,902,254.
- (2) Please refer to Ratification Items 2 for Table of 2020 Earnings Distribution.
- (3) In accordance with Memorandum and Articles of Association 120 (a) of the Company and approved by the Board of Directors, the dividend to shareholders of 2020 earnings will distribute NTD 315,178,126 in cash, with NTD 1 / share.
- (4) If changes in the capital that influence the numbers of shares outstanding and effect changes in the shareholders' allotment ratio, it is proposed to authorized the Chairman to adjust related matters.
- (5) The Board of Directors approved the cash dividend distribution proposal, and have authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividends will be calculated according to the common stock shareholders listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

- 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 and its subsidiaries are made mainly for the affiliated Company with more than 50% shareholdings held by the Company and its subsidiaries, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank and issuing a letter of credit. The total amount of endorsements/guarantees made by the Company and its subsidiaries as of the end of 2020 was in the amount of NTD5,236,048 thousands, accounting for 95.84% of the Company's net worth on December 31, 2020. Please refer to Attachment 3.

## Ratification Items

- To accept 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- The Company's 2020 Consolidated Financial Statements have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche, who have issued unmodified opinion. Please refer to Attachment 4.
- Business Report, Please refer to Attachment 1.
- 2020 Business Report, Consolidated Financial Statements, and the proposal for distribution of 2020 earnings have been reviewed and issued a review report by the Audit Committee.

Voting Results: Shares represented at the time of voting: 217,471,538

Voting Results	% of the Total Represented Share Present
Approval Votes: 209,954,032 votes	96.54%
Disapproval Votes: 44,258 votes	0.02%
Abstention Votes: 7,473,248 votes	3.43%
Invalid Votes: none	0.00%

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

2. To approve the proposal for distribution of 2020 earnings. (Proposed by the Board of Directors)

Explanation: Table of 2020 Earnings Distribution proposal is as follows :

PAIHO SHIH HOLDINGS CORPORATION  
Table of 2020 Earnings Distribution

		Unit:NTD
Unappropriated retained earnings of previous years		\$1,093,810,225
+2020 net profit after tax	\$513,531,405	
+Reversal of special reserve	258,257,316	
-Actuarial losses recognized in retained earnings	(15,696,692)	
Distributable retained earnings of current period		1,849,902,254
Distribution items		
Dividend to common shareholders (Cash dividend of NTD 1 per share; total NTD 315,178,126)	(315,178,126)	
Unappropriated retained earnings at the end of period		\$1,534,724,128

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

Voting Results: Shares represented at the time of voting: 217,471,538

Voting Results	% of the Total Represented Share Present
Approval Votes: 209,946,103 votes	96.53%
Disapproval Votes: 52,188 votes	0.02%
Abstention Votes: 7,473,247 votes	3.43%
Invalid Votes: none	0.00%

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

## 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 tune the wording, 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: 217,471,538

Voting Results	% of the Total Represented Share Present
Approval Votes: 209,734,016 votes	96.44%
Disapproval Votes: 44,275 votes	0.02%
Abstention Votes: 7,693,247 votes	3.53%
Invalid Votes: none	0.00%

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

2. Amendments to Procedures for Governing the Election of Directors. (Proposed by the Board of Directors)

Explanation: In order to comply with regulation set by Taiwan Stock Exchange Document No. 1090009468 announcements on June 3, 2020, to amend the provisions as reference by the Sample Template for “XXX Co., Ltd. Procedures for Election of Directors”, the Board proposed to amend the Procedures for Governing the Election of Directors of the Company, the Comparison Table of Amendments to Procedures for Governing the Election of Directors is attached hereto as Attachment 6.

Voting Results: Shares represented at the time of voting: 217,471,538

Voting Results	% of the Total Represented Share Present
Approval Votes: 209,734,015 votes	96.44%
Disapproval Votes: 44,275 votes	0.02%
Abstention Votes: 7,693,248 votes	3.53%
Invalid Votes: none	0.00%

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

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

Explanation : In order to comply with regulation set by Taiwan Stock Exchange Document No. 1100001446 announcements on January 28, 2021, to amend the provisions as reference by the Sample Template for "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", the Board proposed to amend partial articles of Rules and Procedures for Shareholders' Meeting of the Company, the Comparison Table of Amendments to Rules and Procedures for Shareholders' Meeting is attached hereto as Attachment 7.

Voting Results: Shares represented at the time of voting: 217,471,538

Voting Results	% of the Total Represented Share Present
Approval Votes: 209,734,114 votes	96.44%
Disapproval Votes: 44,283 votes	0.02%
Abstention Votes:7,693,141 votes	3.53%
Invalid Votes: none	0.00%

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

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

## Meeting Adjourned

(This minutes of the 2021 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.)

Chairman : Mr. Kuo-Ian Cheng

Recorder: Yu-Min Chang

## Attachment 1

## 2020 Business Report

## 1. Business Implementation Outcome

Unit : NTD thousands

Year Item	2020	2019	Difference Amount	Difference %
Net Sales	6,552,677	6,567,553	(14,876)	(0.22)
Gross Profit	2,396,727	2,316,157	80,570	3.48
Profit from Operations	1,066,197	922,232	143,965	15.61
Profit Before Income Tax	984,670	770,262	214,408	27.84
Net Profit	583,357	422,794	160,563	37.98
<p>Change and Difference Analysis:            In 2020, revenue from secondary material products declined under the influence of COVID-19. Yet, construction projects were continued with average sale price higher than the same period of the previous year. In addition, the demand for face masks skyrocketed such that revenue and profit from face masks and related products grew significantly. The result was an increase of the overall gross profit, operating income, pre-tax profit and net income as compared with the same period of the previous year.</p>				

2. Budget Execution: For the year of 2020, the Company has not established a financial forecast.

## 3. Financial Revenue/Expenditure and Profitability Analysis

Item		2020	2019
Capital Structure (%)	Debt Ratio	67.86	63.02
	Long-term Funds to Property, Plant and Equipment Ratio	186.88	138.72
Liquidity (%)	Current Ratio	152.51	116.51
	Quick Ratio	95.68	54.74
Profitability (%)	Return on Total Assets	4.04	3.61
	Return on Equity	10.35	8.04
	Net Profit Margin	8.90	6.44
	Earnings Per Share attributable to Shareholders of the Parent (NTD)	1.63	1.14

#### 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 6% 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 2021 for new products and research of the Company and its subsidiaries include: Double needle knitting bed transparent particles jacquard mesh, invisible anti-counterfeiting reflective webbing, double-layer glass effect elastic jacquard webbing with anti-counterfeiting, back pasting one-piece adhesive fabric, extra soft mask ear strap, high bulkiness three-dimensional bead-like jacquard webbing, special structure network cable arrangement hook and loop, etc.

#### 5. 2021 Business Plan Overview

##### (1) Operational Strategy

- ① The Regional Comprehensive Economic Partnership (RCEP) has been signed, which covers a about 2,200 million of the world population with potential purchasing power and accounted for almost 23% of the world GDP. The Company has its production bases in Mainland China and Vietnam and the major customers have their presence in this region. The Group will continue its effort in the development of new products and promotion of new applications. The Company will liaise closely with the famous brands for joint venture in development with the capacity of quick responsible with flexibility, and proceed to internationalization based in Shanghai to create better profit for the Group.
- ② The Company will intensify the production and sale of medical grade protective masks, and actively develop medical grade shop floor and laboratories in order to pass relevant accreditation and emerge as a supplier of medical supplies.
- ③ The Company will proactively participate in the “Internal Circulation” economic development in Mainland China and set up the eCommerce function, and will make the development of related consumer items perfect incrementally based on its development experience and production integration capacity in shoe materials, garments, medical grade protective gear, automotive interior decorations, peripherals of consumer electronics, and to develop marketing channels under the new B2B and B2C modes.



- ④The Company will intensify the development of market and product in Vietnam, and will create better profit for the Group by taking advantage of the preferential tax rates between Vietnam and many countries and the low cost of labor.
- ⑤The Company will bolster its capacity in the development and design of jacquard engineered mesh and upgrade the overall competitiveness by matching with the sale channels on hand.

(2) Expected Sales Quantity and its Basis

The Company will spare no effort in developing new products and broadening the scope of application of its products, and advance to the area of medical supplies. The construction projects in Wuxi were finished for delivery and will serve as an input for the sustainable growth of the Company.

(3) Important Production and Marketing Policies

- ①The Company seeks to broaden its clientele base through the development of new products and environmentally friendly products, and extending the applications of products in marketing or setting up production sites, and promote its products to new industries and potential customers in order to cultivate irreplaceable long-term partnership.
- ②The Company will spare no effort in deploying for the platform of online marketing and mobile customer end software, and set up an eCommerce business unit in Shanghai. Further to the engagement in B2B operation, the Company will also develop mobile app order placing software directly from the mobile customer end to meet the needs of the customers in browsing samples and placing orders for purchase instantly at any moment.
- ③The Company will strengthen the improvement of process technology to bolster cost advantage, upgrade automated production technical level, and bolster the integration of all processes to condense the production time and labor cost, upgrade product quality and yield rate, and improve the overall competitive power.
- ④The Company will set up a research and development center in the district of the National Convention and Exhibition Center (Shanghai) and proceed to the development of free trade with different countries. The Company will strengthen the cooperation and development with markets and customers worldwide and marketing.
- ⑤The Company will continue to invest in environmental protection and insist on the production of green products by green factories.

(4) The Company's Future Development Strategy

- ①The Company will intensify the interaction with famous brands in development, and establish a viable development and service system. Further to paying attention to environmental protection, the Company will establish a marketing department in eCommerce in Shanghai for working in conjunction with the production and services bases in Wuxi, Dongguan, and Vietnam for proper marketing in the global market.
- ②The Company will reinforce its advantage in technology and quality and continue to develop new products and greater variety of products.
- ③The Company will commit further effort in the development, manufacturing, and sale of key materials for better sale.
- ④The Company will step into the industry of medical grade protective gear and related products to make the Company emerge as a full-range service provider as its business goal.
- ⑤Further development in Mainland China and Southeast Asia to provide service in proximity for the customers.

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

COVID-19 hit the whole world hard in 2020 and badly affected the way of life of mankind. It also stunned the global economy as a whole. According to the Global Economic Prospects released by the International Monetary Fund (IMF) on 2020.10.13, developed economies declined by 5.8% in the year (US fell by 4.3%, Euro Zone and the UK fell by 8% or more). Mainland China is the only economy that enjoyed positive growth (projected growth rate of 1.9% in this year and 8.2% in the next year). The Company has established its foothold in Mainland China and furthered its development in depth, and also expanded to Vietnam. Production facilities in these places continue to develop products of high added value with stable growth. In general, the external environment will still be unfavorable for operation, but the Company has already developed a distinctive advantage for responding to the changes in the internal and external environment, and will continue to strengthen its competitive power.

Chairman :  
Kuo-Ian Cheng

General Manager :  
Kuo-Ian Cheng

Accounting Officer :  
Yu-Min Chang

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

The Board of Directors have prepared and submitted the Company's 2020 Consolidated Financial Statements that have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touch. The Consolidated Financial Statements, 2020 Business Report and proposals of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of PAIHO SHIH HOLDINGS CORPORATION. Therefore, we hereby submit this report.

Sincerely,

2021 Annual General Shareholders' Meeting

PAIHO SHIH HOLDINGS CORPORATION

Yung-Fu Wu

Chairman of Audit Committee

March 24, 2021

Attachment 3

PAIHO SHIH HOLDINGS CORPORATION  
 ENDORSEMENTS/GUARANTEES PROVIDED  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (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	\$ 5,092,904	\$ 3,341,350 (USD 102,000) (EUR 8,000)	\$ 2,363,840 (USD 83,000)	\$ 811,680 (USD 28,500)	\$ -	46.41%	\$ 7,639,356	Y	—	—
		Vietnam Paihong Limited Company	Note 1	5,092,904	3,688,687 (USD 123,000)	2,815,248 (USD 98,850)	2,217,168 (USD 77,850)	-	55.28%	7,639,356	Y	—	—
		Dongguan Paihong Industry Co., Ltd.	Note 1	5,092,904	157,000 (USD 5,000)	-	-	-	-	7,639,356	Y	—	Y
1	Hon Shin Corp.	Vietnam Paihong Limited Company	Note 1	1,185,851	60,160 (USD 2,000)	56,960 (USD 2,000)	-	-	4.80%	1,778,776	Y	—	—

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

Note 2: The individual amount shall not exceed the net worth of the Corporation and Hon Shin Corp. and the total amount shall not exceed total guarantee limit.

Note 3: The aggregate amount of the guarantee shall not exceed 150% of the net worth of the Corporation and Hon Shin Corp..

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

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

## 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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidate Financial Statements section of our report. We are independent for 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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.

Key audit matters of the Groups' consolidated financial statements for the year ended December 31, 2020 are as follows:

### Recognition of sales revenue

The main business items of the Company include the manufacturing and sale of webbingtouch fastener webbing, shoelace, elastic, jacquard engineered mesh, and relevant peripheral materials as well as the sale of residential buildings constructed by entrusted construction contactors. Among all the goods, the revenue from the sale of webbing and touch fastener significantly influence the operating revenue and profit of the Group. Therefore, we consider the above mentioned sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the relevant and additional information.

Our key audit procedures performed in respect of the above mentioned items included the following:

1. We understood the design and operating effectiveness of controls and procedures for identifying sales revenue, and then we sampled and verified the accuracy of approved original orders.
2. We chose samples from the list of main products sales revenue and checked their original order, shipment, invoice, and collection of payments, inspecting the recognition of the revenue and the collection of receivables.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2021



# PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

CODE	ASSETS	2020		2019	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 4,421,184	24	\$ 1,745,619	12
1110	Fair value through profit or loss financial assets - current (Notes 4 and 7)	463,871	2	-	-
1136	Financial assets at amortized cost- current (Note 4 and 8)	504,067	3	-	-
1150	Notes receivable (Notes 4 and 9)	13,004	-	12,597	-
1170	Trade receivables (Notes 4 and 9)	1,132,954	6	1,070,402	8
1180	Trade receivables - related parties (Notes 4, 9 and 27)	20,621	-	36,533	-
1200	Other receivables	118,496	1	12,866	-
1310	Inventories - manufacturing (Notes 4 and 10)	1,011,580	5	875,260	6
1320	Inventories - constructing (Notes 4 and 10)	3,134,576	17	2,718,679	19
1470	Other current assets (Note 15 and 23)	467,495	3	376,050	3
11XX	Total current assets	<u>11,287,848</u>	<u>61</u>	<u>6,848,006</u>	<u>48</u>
	<b>NON-CURRENT ASSETS</b>				
1535	Financial assets at amortized cost - non-current (Notes 4, 8 and 28)	20,205	-	20,940	-
1600	Property, plant and equipment (Notes 4, 12 and 27)	5,942,053	32	6,138,535	43
1755	Right-of-use assets (Notes 4 and 13)	922,014	5	979,798	7
1805	Goodwill (Notes 4 and 14)	44,899	-	47,031	-
1821	Other intangible assets (Note 4)	54	-	73	-
1840	Deferred tax assets (Notes 4 and 23)	103,768	1	36,050	-
1915	Prepayments for machinery and equipment	164,669	1	308,254	2
1995	Other non-current assets (Note 15)	20,656	-	14,292	-
15XX	Total non-current assets	<u>7,218,318</u>	<u>39</u>	<u>7,544,973</u>	<u>52</u>
1XXX	TOTAL	<u>\$ 18,506,166</u>	<u>100</u>	<u>\$ 14,392,979</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Note 16)	\$ 2,378,080	13	\$ 3,870,418	27
2130	Contract liabilities - current (Notes 4, 21 and 27)	3,238,327	18	58,235	-
2170	Trade payables	392,028	2	331,886	2
2180	Trade payable - related parties (Note 27)	86,532	-	36,586	-
2200	Other payables (Notes 17 and 27)	689,640	4	890,734	6
2230	Current tax liabilities (Notes 4 and 23)	150,708	1	63,131	1
2280	Lease liabilities - current (Notes 4 and 13)	7,109	-	5,766	-
2320	Current portion of long-term borrowings (Note 16)	399,432	2	532,145	4
2399	Other current liabilities	59,564	-	88,955	1
21XX	Total current liabilities	<u>7,401,420</u>	<u>40</u>	<u>5,877,856</u>	<u>41</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 16)	4,518,496	24	2,593,817	18
2570	Deferred tax liabilities (Notes 4 and 23)	397,468	2	384,251	3
2580	Lease liabilities -non-current (Notes 4 and 13)	3,800	-	8,309	-
2630	Deferred revenue - non-current (Notes 4 and 13)	87,849	1	89,021	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	135,524	1	106,446	1
2645	Guarantee deposits received	13,895	-	11,012	-
25XX	Total non-current liabilities	<u>5,157,032</u>	<u>28</u>	<u>3,192,856</u>	<u>22</u>
2XXX	Total liabilities	<u>12,558,452</u>	<u>68</u>	<u>9,070,712</u>	<u>63</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
3110	Common stock	3,151,781	17	3,151,781	22
3200	Capital surplus	461,544	2	461,544	3
	Retained earnings				
3320	Special reserve	676,483	4	477,488	4
3350	Unappropriated earnings	1,591,644	8	1,481,912	10
3400	Other equity	( 418,225 )	( 2 )	( 676,483 )	( 5 )
31XX	Total equity attributable to owners of the Corporation	<u>5,463,227</u>	<u>29</u>	<u>4,896,242</u>	<u>34</u>
36XX	NON-CONTROLLING INTERESTS	<u>484,487</u>	<u>3</u>	<u>426,025</u>	<u>3</u>
3XXX	Total equity	<u>5,947,714</u>	<u>32</u>	<u>5,322,267</u>	<u>37</u>
	TOTAL	<u>\$ 18,506,166</u>	<u>100</u>	<u>\$ 14,392,979</u>	<u>100</u>

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE	2020	%	2019	%
	Amount		Amount	
4000 SALES (Notes 4, 21 and 27)	\$ 6,552,677	100	\$ 6,567,553	100
5000 COST OF GOODS SOLD (Notes 4, 10, 21, 22 and 27)	<u>4,155,950</u>	<u>64</u>	<u>4,251,396</u>	<u>65</u>
5900 GROSS PROFIT	<u>2,396,727</u>	<u>36</u>	<u>2,316,157</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 22 and 27)				
6100 Selling and marketing expenses	571,009	9	560,202	8
6200 General and administrative expenses	370,798	5	392,719	6
6300 Research and development expenses	384,612	6	438,641	7
6450 Expected credit loss (Note 9)	<u>4,111</u>	<u>-</u>	<u>2,363</u>	<u>-</u>
6000 Total operating expenses	<u>1,330,530</u>	<u>20</u>	<u>1,393,925</u>	<u>21</u>
6900 PROFIT FROM OPERATIONS	<u>1,066,197</u>	<u>16</u>	<u>922,232</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
7010 Subsidy revenue	16,100	-	17,753	-
7050 Finance cost (Note 4 and 22)	( 138,055 )	( 2 )	( 197,875 )	( 3 )
7100 Interest income	70,524	1	42,921	1
7190 Other income	18,415	-	9,742	-
7210 Loss (gain) on disposal of property, plant and equipment (Note 4)	7,901	-	( 9,605 )	-
7590 Other expenses (Note 22)	( 12,806 )	-	( 11,630 )	-
7630 Net foreign exchange loss (Note 4)	<u>( 43,606 )</u>	<u>-</u>	<u>( 3,276 )</u>	<u>-</u>
7000 Total non-operating income and expenses	<u>( 81,527 )</u>	<u>( 1 )</u>	<u>( 151,970 )</u>	<u>( 2 )</u>

(Continued)

CODE		2020		2019	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 984,670	15	\$ 770,262	12
7950	INCOME TAX EXPENSE (Notes 4 and 23)	<u>401,313</u>	<u>6</u>	<u>347,468</u>	<u>6</u>
8200	NET PROFIT FOR THE YEAR	<u>583,357</u>	<u>9</u>	<u>422,794</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 18)	( 15,697 )	-	( 4,808 )	-
8341	Foreign exchange differences on translation to presentation currency	( 293,670 )	( 5 )	( 131,872 )	( 2 )
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	<u>561,107</u>	<u>9</u>	( <u>83,483</u> )	( <u>1</u> )
8300	Total comprehensive income for the year	<u>251,740</u>	<u>4</u>	( <u>220,163</u> )	( <u>3</u> )
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 835,097</u>	<u>13</u>	<u>\$ 202,631</u>	<u>3</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Corporation	\$ 513,531	8	\$ 359,353	5
8620	Non-controlling interests	<u>69,826</u>	<u>1</u>	<u>63,441</u>	<u>1</u>
8600		<u>\$ 583,357</u>	<u>9</u>	<u>\$ 422,794</u>	<u>6</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Corporation	\$ 756,092	12	\$ 155,550	2
8720	Non-controlling interests	<u>79,005</u>	<u>1</u>	<u>47,081</u>	<u>1</u>
8700		<u>\$ 835,097</u>	<u>13</u>	<u>\$ 202,631</u>	<u>3</u>
	EARNINGS PER SHARE (Note 24)				
9750	Basic	<u>\$ 1.63</u>		<u>\$ 1.14</u>	
9850	Diluted	<u>\$ 1.63</u>		<u>\$ 1.14</u>	

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

CODE		Equity Attributable to Owners of the Corporation							Non-controlling Interests	Total Equity
		Common Stock (Notes 4 and 20)	Capital Surplus (Note 20)		Retained Earnings (Note 20)		Other Equity (Note 20)	Total		
			Additional Paid-in Capital	Changes in Percentage of Ownership Interest in Subsidiaries	Special Reserve	Unappropriated Earnings				
A1	BALANCE AT JANUARY 1, 2019	\$ 2,918,316	\$ 456,751	\$ 4,793	\$ 377,980	\$ 1,518,706	(\$ 477,488)	\$ 4,799,058	\$ 397,522	\$ 5,196,580
	Appropriation of 2018 earnings									
B3	Special reserve	-	-	-	99,508	( 99,508)	-	-	-	-
B5	Cash dividend	-	-	-	-	( 58,366)	-	( 58,366)	-	( 58,366)
B9	Stock dividend	233,465	-	-	-	( 233,465)	-	-	-	-
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	( 18,578)	( 18,578)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	359,353	-	359,353	63,441	422,794
D3	Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	( 4,808)	( 198,995)	( 203,803)	( 16,360)	( 220,163)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	354,545	( 198,995)	155,550	47,081	202,631
Z1	BALANCE AT DECEMBER 31, 2019	3,151,781	456,751	4,793	477,488	1,481,912	( 676,483)	4,896,242	426,025	5,322,267
	Appropriation of 2019 earnings									
B3	Special reserve	-	-	-	198,995	( 198,995)	-	-	-	-
B5	Cash dividend	-	-	-	-	( 189,107)	-	( 189,107)	-	( 189,107)
O1	Cash dividend distributed by the subsidiaries	-	-	-	-	-	-	-	( 20,543)	( 20,543)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	513,531	-	513,531	69,826	583,357
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	( 15,697)	258,258	242,561	9,179	251,740
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	497,834	258,258	756,092	79,005	835,097
Z1	BALANCE AT DECEMBER 31, 2020	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 676,483	\$ 1,591,644	(\$ 418,225)	\$ 5,463,227	\$ 484,487	\$ 5,947,714

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

CODE		2020	2019
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 984,670	\$ 770,262
A20010	Adjustments for:		
A20100	Depreciation expenses	596,250	481,678
A20200	Amortization expenses	20	644
A20300	Expected credit loss recognized	4,111	2,363
A20900	Finance costs	138,055	197,875
A21200	Interest income	( 70,524 )	( 42,921 )
A22500	Loss (gain) on disposal of property, plant and equipment	( 7,901 )	9,605
A23800	Write-downs of inventories	50,494	56,834
A24100	Unrealized foreign currency exchange loss, net	2,774	4,727
A29900	Others	( 2,589 )	( 2,735 )
A30000	Changes in operating assets and liabilities		
A31115	Mandatory fair value through profit or loss financial assets	( 449,082 )	-
A31130	Notes receivable	( 1,076 )	4,550
A31150	Trade receivables	( 109,545 )	( 227,192 )
A31180	Other receivables	( 110,822 )	300,435
A31200	Inventories - manufacturing	( 233,687 )	( 65,096 )
A31200	Inventories - constructing	( 559,608 )	387,027
A31240	Other current assets	( 113,856 )	( 102,080 )
A32125	Contract liabilities	3,299,171	( 922,837 )
A32150	Trade payables	132,607	( 435,317 )
A32180	Other payables	76,169	20,232
A32230	Other current liabilities	( 26,045 )	32,555
A32240	Net defined benefit liabilities	<u>12,861</u>	<u>12,163</u>
A33000	Cash generated from operations	3,612,447	482,772
A33100	Interest received	70,524	42,921
A33300	Interest paid	( 149,347 )	( 194,803 )
A33500	Income tax paid	( 359,085 )	( 356,512 )
AAAA	Net cash generated from (used in) operating activities	<u>3,174,539</u>	<u>( 25,622 )</u>

(Continued)

CODE		<u>2020</u>	<u>2019</u>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00040	Purchase of financial assets at amortized cost	(\$ 3,227,886)	(\$ 460,193)
B00050	Proceeds from disposal of financial assets at amortized cost	2,739,601	724,231
B02700	Payments for property, plant and equipment	( 320,599)	( 597,267)
B02800	Proceeds from disposal of property, plant and equipment	28,148	32,668
B03700	Increase in refundable deposits	( 301)	( 4,128)
B05350	Payments for right-of-use assets	( 232,478)	( 161,417)
B06700	Increase in other non-current assets	28	( 304)
B07100	Increase in prepayments for machinery and equipment	( <u>123,016</u> )	( <u>310,246</u> )
BBBB	Net cash used in investing activities	( <u>1,136,503</u> )	( <u>776,656</u> )
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00200	Repayments of short-term borrowings	( 1,347,448)	( 4,371)
C01600	Proceeds from long-term borrowings	4,003,930	1,420,681
C01700	Repayments of long-term borrowings	( 1,982,409)	( 848,164)
C03000	Proceeds from guarantee deposits received	3,564	11,354
C04020	Repayments of finance lease payable	( 6,433)	( 5,406)
C04500	Dividends paid to owners of the Corporation	( 189,107)	( 58,366)
C05800	Dividends paid to non-controlling interests	( <u>20,543</u> )	( <u>18,578</u> )
CCCC	Net cash generated from financing activities	<u>461,554</u>	<u>497,150</u>
DDDD	<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>175,975</u>	( <u>120,952</u> )
EEEE	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,675,565	( 426,080)
E00100	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,745,619</u>	<u>2,171,699</u>
E00200	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,421,184</u>	<u>\$ 1,745,619</u>

(Concluded)

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

## PAIHO SHIH HOLDINGS CORPORATION

### Revision Comparison Chart of Memorandum and Articles of Association

No.	Amended version	Original version	Explanations
Title of Memorandum of Association (P.1)	THE COMPANIES LAW (As amended) COMPANY LIMITED BY SHARES AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	THE COMPANIES LAW (2018 Version) COMPANY LIMITED BY SHARES AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	To amend wording to tally with reality.
Memorandum of Association 2	The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, <del>British West Indies</del> .	The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.	To delete "British West Indies".
Title of Articles of Association (P.2)	THE COMPANIES LAW (As amended) COMPANY LIMITED BY SHARES AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	THE COMPANIES LAW (2018 Version) COMPANY LIMITED BY SHARES AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	To amend wording to tally with reality.
13	If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may	If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may	To amend wording.

No.	Amended version	Original version	Explanations
	<p>only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, <i>mutatis mutandis</i>, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.</p>	<p>only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, <i>mutatis mutandis</i>, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.</p>	
44	(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as	(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as	To amend the content of this article in comply with the sample template for “XXX Co.,



No.	Amended version	Original version	Explanations
	ad hoc motions; <del>the material contents may be uploaded onto the website designated by the Commission or the Company and such website shall be indicated on the notice of general meeting:</del>	ad hoc motions; the material contents may be uploaded onto the website designated by the Commission or the Company and such website shall be indicated on the notice of general meeting:	Ltd. Rules of Procedure for Shareholders Meetings”.
84	Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C.— <del>mutatis mutandis</del> . A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.	Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C. <i>mutatis mutandis</i> . A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.	Independent directors of Paiho Shih Holdings Corporation shall apply to the securities trading regulations in Taiwan. To delete “mutatis mutandis” in the English version of articles of association.
86(a) (10)	(a) In the case of an Audit Committee	(a) In the case of an Audit Committee that has	To amend this article in

No.	Amended version	Original version	Explanations
	<p>that has been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:</p> <p>...</p> <p>(10) annual financial reports <u>and semi-annual reports.</u></p>	<p>been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:</p> <p>...</p> <p>(10) annual financial reports.</p>	<p>accordance with the principles of Taiwan laws and regulations, and in response to the Company's management Requirement.</p>
90	<p>The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company <del>as the Directors may think necessary for the administration of the Company,</del> including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and <del>with such powers and duties as the Directors may think fit.</del> Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their <del>members number</del> to the office of managing director upon like terms, but any such appointment shall <del>ipso facto determine</del></p>	<p>The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall <i>ipso facto</i> determine if any managing director ceases from any cause to</p>	<p>To simplify English version of Articles of Association through literal interpretation in order to highlight the key points of the regulation.</p>

No.	Amended version	Original version	Explanations
	<p>cease to be effective if any managing director ceases from any cause <i>ipso facto</i> to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.</p>	<p>be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.</p>	

## Attachment 6

## PAIHO SHIH HOLDINGS CORPORATION

## Comparison Table of Amendments to Procedures for Governing the Election of Directors

Article No.	Amended version	Original version	Explanations
1.1	Objectives : To ensure a just, fair, and open election of directors(Independent directors), these procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.	Objectives : To ensure a just, fair, and open election of directors(Independent directors), these procedures are adopted pursuant to Articles 21 <b>and 41</b> of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.	As reference to the amendments of “XXX Co., Ltd. Procedures for Election of Directors” of Republic of China.
4.10	Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director of the company. If there is a plural number of such authorized representatives, each of them may be so elected.	<b><u>In the event that the candidate is a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate’s account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate’s name and personal identification documents number.</u></b> Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director of the company. If there is a plural number of such authorized representatives, each of them may be so elected.	As reference to the amendments of the above regulation.
4.11	Ballots shall be deemed void under the following conditions: 4.11.1 The ballot was not prepared by <b><u>the party entitled to call for the session.</u></b> 4.11.2 A blank ballot is placed in the ballot box. 4.11.3 Unrecognized illegible writing or has been altered. 4.11.4 <b><u>The name of the candidate marked down was found irrelevant to the candidates to the seats of Directors on the list.</u></b>	Ballots shall be deemed void under the following conditions: 4.11.1 The ballot was not prepared by <b><u>the board of directors.</u></b> 4.11.2 A blank ballot is placed in the ballot box. 4.11.3 Unrecognized illegible writing or has been altered. 4.11.4 The candidate <b><u>whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform</u></b>	As reference to the amendments of the above regulation.

	<p>4.11.5 Other <u>handwriting was marked on the ballot other than</u> the number of voting rights allotted.</p>	<p><u>with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number</u> do not match.</p> <p>4.11.5 Other <u>words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and</u> the number of voting rights allotted.</p> <p><b>4.11.6 The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</b></p>	
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## Attachment 7

## PAIHO SHIH HOLDINGS CORPORATION

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

Article No.	Amended version	Original version	Explanations
4.2.1	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1~4.2.1.3 Omitted.</p> <p>4.2.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization of retained earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.</p>	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1~4.2.1.3 Omitted.</p> <p>4.2.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization of retained Earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <b><u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></b></p>	<p>As reference to the amendments to Article 3 of "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of Republic of China.</p>
4.8.1	<p>4.2.1.5 Omitted.</p> <p>The chairman shall call the meeting to order at the appointed meeting time, <b><u>and announce the shares without voting rights and the attendance of the shareholders and the voting shares represented.</u></b> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If</p>	<p>4.2.1.5 Omitted.</p> <p>The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares,</p>	<p>As reference to the amendments to Article 9 of the above regulation.</p>

Article No.	Amended version	Original version	Explanations
	the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.	the chair shall declare the meeting adjourned.	
4.9.4	Deleted.	<b><u>Apart from the circumstances in the Article 4.9.3, after a meeting has adjourned, shareholders may not further select a chairman and continue the meeting at the original site or some other location.</u></b>	As reference to the amendments of the above regulation.
4.18.1	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the <b><u>list of winners to the seats of Directors, the votes the candidates earned, and the list of candidates not elected to the seats of Directors and the votes they earned.</u></b>	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the <b><u>names of those elected as directors and the numbers of votes with which they were elected.</u></b>	As reference to the amendments to Article 14 of the above regulation.