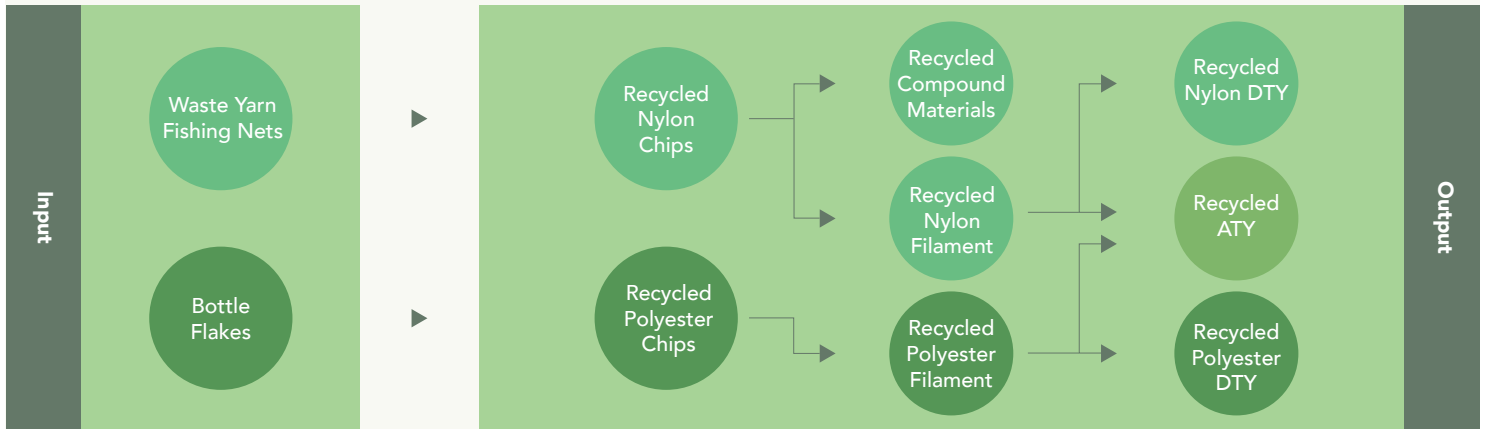
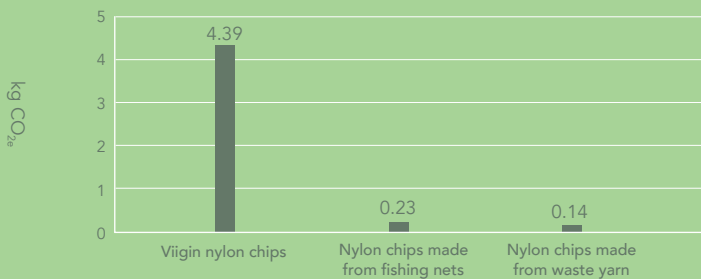


4.4.3 Eco-friendly Recycled products

To implement the resource recycling part of our environmental policy, we produce high-quality recycled products that meet international environmental standards, including nylon chips, nylon filament, polyester chips, polyester filament, DTY, ATY, and compound materials, totaling seven products made across nine production units. We have also continued to accept third-party certification by the GRS Global Recycling Standard System. In addition to meeting the needs of our customers, we also do our part to protect the environment. In addition to recycling waste filament from the Company's own spinning plant, purchasing discarded fishing nets, putting the materials through regenerative processes, as well as integrating spinning processes and the production line of recycled bottle chips, the Company will add a new composite material plant that is GRS-certified in 2023, using waste filament to replace some of the industrial-plastic-grade raw materials, and producing recycled composite materials that can be utilized in goods used in daily lives and sporting goods. This will not only allow us to do our part in environmental protection, but also increase the added value of our products and improve profitability.



Carbon footprint per kilogram of product



The Company completed a carbon footprint inventory of its nylon chip products in 2022, which was verified by a third party (BSI). The results of the inventory showed that the use of recycled nylon chips resulted in a 95-97% reduction in carbon footprint when compared to regular nylon chips.

4.5 Compliance with Regulations

Item	Violation	Penalty	Improvement Measures
1	The Company's air pollution prevention specialists are also designated as occupational health and safety managers.	200,000	Immediate replacement of the Head of Occupational Health and Safety Operations; future applications will be made after checking the declared list.
2	Sold waste packing straps (waste plastic) to Taian instead of removing and disposing it through a legal recycling organization and signing a contract to do so.	6,000	Immediately looked for another vendor that complies with regulations, and finalized the contract. Then, we enhanced our verification process by checking the information of the waste disposal vendor more closely, and confirmed facts before signing the contract.

Zig Sheng will endeavor to make improvements to prevent similar situations from recurring.

		2020	2021	2022
Number of Cases	Economy	0	0	0
	Environment	2	1	2
	Society	0	0	0
Fine		200,000	6,000	206,000