Stock Code：1455

ZIG SHENG INDUSTRIAL CO., LTD.

2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System：http：//mops.twse.com.tw
ZIG SHENG Annual Report is available at：http：//www.zigsheng.com
Printed on May 13, 2022

Spokesperson
Name：SU, PAT-HUANG
Title：President
Tel：886-2-25557151
E-mail：barry@zigsheng.com

Deputy Spokesperson
Name：KUO, SHIH-CHENG
Title：Vice President of General Management Division
Tel：886-2-25557151 ext.8006
E-mail：jason_kuo@zigsheng.com

Deputy Spokesperson
Name：YEN, CHUNG-TZU
Title：Vice President of Financial Department
Tel：886-2-25557151 ext.8350
E-mail：teana_yen@zigsheng.com

Stock Transfer Agent
Name：Registrar Agency Department of Capital Securities Corporation
Address：B2, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106420, Taiwan (R.O.C.).
Website：www.capital.com.tw
Tel：886-2-27035000

Auditors
Auditors：HSIAO, YING-CHIA、LIN, CHIH-LUNG
CPAs Name：Crowe (TW) CPAs
Address：10F., No. 369, Fuxing N. Rd., Songshan Dist., Taipei City 105001, Taiwan (R.O.C.)
Website：www.crowe.com/tw
Tel.： 886-2-87705181

Overseas Securities Exchange：None.
Corporate Website：www.zigsheng.com

Headquarters, Branches and Plant of company

Taipei Office
Address： 2F., No. 70, Xining N. Rd., Datong Dist., Taipei City 103601, Taiwan (R.O.C.)
Tel：886-2-25557151

DTY Plant I
Address： No. 60, Dongwanshou Rd., Guishan Dist., Taoyuan City 333025, Taiwan (R.O.C.)
Tel：886-3-3295267

DTY Plant II、Compounding Plant、Nylon Polymerization Plant II
Address： No. 522, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)
Tel：886-3-4838961

DTY Plant Ill、Nylon Spinning Plant I、Nylon Polymerization Plant I
Address： No. 506, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)
Tel：886-3-4832267

Nylon Spinning Plant II、Nylon Polymerization Plant Ill、Ecocycle Plant
Address： No. 17, Dagong Rd., Dayuan Dist., Taoyuan City 337012, Taiwan (R.O.C.)
Tel：886-3-3869910

ATY Plant
Address：No. 2, Ronggong S. Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)
Tel：886-3-4833362

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I.Letter to Shareholders

Hello, Ladies and Gentlemen：

Thank you everyone very much for coming to the 2022 Shareholders' Meeting. I speak for all of Zig Sheng when I say that we are grateful to our shareholders for their continued support and encouragement.

All industries have shown rigorous discipline, adaptability, and steadfastness amidst the challenges presented by almost two years of the Coronavirus pandemic. The global economy experienced major growth in 2021. A new wave of economic recovery drove profits to record highs. The integration of supply chains helped to reverse our fortunes and further increased the international visibility of Taiwan.

2021 was a prosperous year for the synthetic fiber industry and petrochemical plastic raw materials. It was an uplifting time that brought many of us peace of mind. Europe and the U.S. gradually reopened as pandemic restrictions eased. The rapid recovery of market operations and purchasing dynamics pushed global oil prices up from US$52 a barrel at the end of 2020 to US$88 a barrel. Annual growth of crude oil prices exceeded 50%. Nylon raw material Caprolactam (CPL) also rose from US$1,520/ton at the beginning of 2020 to US$2,150/ton. The market enjoyed healthy demand and the Company received maximum orders.

For the last few years, Zig Sheng has strived to consolidate our production lines and eliminate inefficient production lines. The Company has also worked to integrate downstream industries to develop customized products with high margins. Our aim is to improve brand positioning and increase market share. Adjustments to our production lines and new product optimization strategies proved successful when coordinated with the momentum behind economic recovery trends in 2021. Profit margins of our products increased more than 5% compared to previous years. This is a testament to the advantages of vertically integrated production and core technology.

The following is a brief report on 2021 operations： Total operating revenue was 11.2 billion 1.85 million NTD, an annual growth of 46%. Net operating income was 648 million NTD. Offset by profitable outside investments, total annual pre-tax net income was 1.0447 billion NTD; EPS 1.73 NTD; net value per share 13.75 NTD; ratio of liabilities to assets 33%. Overall financial structure is healthy and sound.

Zig Sheng continues to hold fast during the pandemic. We're waiting for the moment when opportunity strikes so that we may take full advantage of an economic recovery. The Company is preparing to put forth all efforts in pursuit of satisfactory and exemplary operating results. I'd like to express my utmost appreciation to all our employees for their hard work.

This year (2022) Q1 operations are as strong as ever. However, the world is being tested once again as the war in Ukraine contributes to logistics inflation around the world. Raw material prices have changed drastically and the economy continues to fluctuate. Financial policy and business operations in every nation must rise to meet these challenges and push forward. Zig Sheng will not rest on our laurels. Our response merits careful consideration and step by step operations in hopes that we can create a brighter future for our shareholders and employees.

Thank you to each of our shareholders for their continued support. I wish you all every health and happiness.

Yeh, Sou-Tsun
Chairman

1.1 Operating Performance in 2021

1.1.1 Consolidated financial results

Unit：NT$ thousand

Analysis Item / Years (Consolidated Financial Statements)	2020	2021	Increase or decrease amount	Change ratio %
Operating Revenue	7,675,607	11,218,513	3,542,906	46.16
Gross Profit (Loss)	84,463	1,221,952	1,137,489	1,346.73
Operating expenses	364,077	574,057	209,980	57.67
Net operation income (Loss)	(279,614)	647,895	927,509	331.71
Income (Loss) Before Tax	(34,802)	1,004,477	1,039,279	2,986.26
Net income (Loss)	(40,115)	920,077	960,192	2,393.60

1.1.2 Budget implementation

According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to publish the 2022 financial forecast information, so there is no budget execution analysis data.

1.1.3 Profitability analysis

Analysis Item / Years			2020	2021
Financial income and expenditure	Liabilities to assets ratio	(%)	26.89	32.17
	Current ratio	(%)	147.71	156.03
	Quick ratio	(%)	94.28	82.91
	Average collection turnover	(day)	71	64
	Days sales outstandingy	(day)	57	46
	Times interest earned	(times)	(2.06)	73.23
	Interest expense	(NT$ thousand)	11,374	13,906
Profitability	Return on asset	(%)	(0.33)	9.45
	Return on equity	(%)	(0.58)	13.30
	Income before tax to Paid-in Capital ratio	(%)	(0.63)	18.89
	Ratio of Net Income	(%)	(0.52)	8.20
	Earnings per Share (EPS)	(NT$)	(0.07)	1.73

1.1.4 Research development status

1.1.4.1 High translucent nylon

Nylon 6 has excellent mechanical properties, high mechanical strength, good toughness, excellent chemical resistance, good self-lubrication and good weather resistance, and is widely used in machinery, electrical appliances, textile equipment, chemical equipment, aviation and other fields.

Nylon 6 is a polymorphism polymer, and its unique crystallinity, crystal form and crystal density will make the applied object without light penetration when the thickness is greater than 1mm. ZIGSHENG has developed a nylon material with high transparency and high brightness through a unique copolymerization technology, which can enable objects with a thickness of 3mm to have a transmittance of more than 80%. In addition, it is resistant to low temperature impact without whitening, and has excellent processing fluidity and short molding time. It is suitable for the design and processing of special-purpose bottles and containers, cultural and creative arts, and components.

1.1.4.2 Thermoplastic composite material development

In recent years, the demand for lightweight structural reinforcement engineering materials has increased, coupled with the strong promotion of environmental protection awareness, thermosetting composite materials that are not easy to recycle have gradually been replaced by advanced thermoplastic composite materials that are easy to recycle.

The new lightweight thermoplastic composite material developed by ZIGSHENG is made of nylon impregnated with carbon fiber, which has the function of continuous fiber reinforcement. Thinner and stronger end products can be made. In addition, ZIGSHENG lightweight thermoplastic composites also have the advantages of short molding cycle, easy processing, and no storage conditions, and can be widely used in high value-added industries, such as automobiles, consumer electronics, leisure sports, precision machinery, wind power, aerospace and defense parts.

1.1.4.3 ZISECO® Recycled Nylon and Polyester Fibers

As consumers' awareness of environmental protection increases year by year, environmentally friendly recycled fibers have become highly demanded products by customers and brands. For this reason, ZIGSHENG has continued to invest a lot of effort in the development and quantitative production of GRS recycled nylon fiber products in recent years.

Since 2020, ZIGSHENG has successfully produced pre-consumer products of "100% recycled nylon fibers from waste silk" and post-consumer products of "recycled nylon fibers from discarded fishing nets". In 2021, ZIGSHENG has also invested in the production of recycled polyester pellets and polyester fibers from PET bottles. These environmentally friendly recycled fiber products have all obtained the new version of GRS certification. In the future, ZIGSHENG will continue to increase the number of recycled waste sources, provide environmentally friendly recycled nylon and polyester fibers with stable quality, and gradually increase the supply of environmentally friendly recycled fibers.

1.1.4.4 ZIS® High Count PP Fiber

The density of polypropylene fiber is 0.9 g/cm^3, which is 20% lighter than nylon fiber, 34% lighter than polyester fiber, and 40% lighter than rayon. It is the lightest of all clothing fibers, can float on the water surface, and is not absorbent, so it is very suitable for warm and quick-drying clothing fabrics. Due to its low energy consumption and recyclable characteristics, it is an environmentally friendly fiber.

In order to meet the more needs of existing customers, ZIGSHENG has invested in the development and production of high-count polypropylene fibers in 2021, thereby replacing the difficulty of existing customers' reliance on imports. In the early stage of development, PP fiber products can reach the fine denier specification of 0.7 dpf. In the future, ZIGSHENG will continue to produce stably, and will develop products with special specifications according to customer needs.

1.1.4.5 Smart transformation of yarn manufacturing technology

As a pioneer in the introduction of automation equipment in the domestic textile industry, ZIGSHENG has actively invested in the application of smart technologies such as production automation, remote monitoring, data networking and AI (artificial intelligence) detection in recent years, driven by the trend of smart manufacturing technology.

Since 2020, ZIGSHENG has begun to use AI detection technology to detect four kinds of defects in the yarn bobbin. And it has the effect of gradually replacing visual inspection, which can effectively reduce the burden of personnel and improve the quality of inspection. ZIGSHENG will continue to expand the application level of smart manufacturing in the future to optimize processes, reduce energy consumption, reduce costs, save labor and increase product added value, and move towards the goal of improving the overall competitiveness of smart factories.

1.2 Summary of the business plan for 2022

1.2.1 Operating principles

1.2.1.1 Continue to implement differentiated, customized, and diverse products; while expanding recycled, earth-friendly green products.

1.2.1.2 Distribute the market to avoid the operating risk, develope lightweight, environmentally friendly products and keep ahead of trends to replace metal components with engineering plastic. The compounding department will continue to strengthen the sales into Japanese and American automotive parts, bicycle parts, hand-tools, and home furnishings.

1.2.1.3 Continuously promote new DTY products to start new trends while supplying VF, PGA, NIKE and other large international sports brands.

1.2.1.4 Nylon filament

(1) The transformation of Nylon filament machines and the integration of production lines have been completed one after another. In response to the changes and development of the market, a factory has been spinning a small number of diverse and differentiated products.

(2) Spinning 2 expanded polyester POY, and in September last year, it expanded POY by 1,500 tons/month, eliminating the poor specifications of nylon labor, and improving the overall capacity utilization rate of spinning mills to reduce costs.

(3) Spinning No. 2 left 24 spinning positions, and all of them produced special products, and the payroll increased, which turned losses into profits.

(4) Continue to expand the export market and strengthen the sales of six major spindle products such as collagen/hydrophilic nylon/GRS/original drawing yarn/high strength/MONO monofilament.

1.2.2 Estimated sales data

In accordance with regulations regarding "The implementation of public disclosure systems to disclose or publish estimated company financial information," Zig Sheng is not required to disclose estimated financial information for 2022.

1.2.3 Important production and sales strategies

1.2.3.1 Sustainable Development

The Management Team will continue paying close attention to ESG issues in response to global promotion of sustainable development trends. The Management Team will also perform risk analysis in the areas of environmental sustainability, social engagement, and corporate governance as it relates to company business; especially with respect to the active formulation of countermeasures to address net-zero carbon emissions requirements, including advocating for energy conservation and reduced emissions. We will not only continue to upgrade to high efficiency machinery and equipment, but also apply for carbon credits, while planning to calculate the carbon footprint of our products and develop renewable energy. The plans shall provide for the addition of a 560kW solar power plant in hopes of continued progress toward sustainable development goals.

1.2.3.2 Product Research and Development

As an extension of our mid to long term product development strategy, the Company will strive to create textile products with high added value and to foster an earth friendly sustainability mindset that better serves our customers. Optimizing various products including recycled nylon, recycled fishing net nylon, recycled greige fabric yarns, recycled finished fabric yarns; and functional textiles, such as micro-environment management textiles, will not only create both fashionable and functional products but also lead to more sustainable green products for our customers and planet. The Chemical Materials Division will strengthen our high performance Nylon 66 series engineering plastics and the applications thereof. The Division continues developing bio-based, antimicrobial, polypropylene (PP), and acrylonitrile butadiene styrene (ABS) series products in response to demand from larger global manufacturing customers.

1.2.3.3 Production and Sales Management

Fiber Division：

The Company currently produces a stable internal supply of polyester POY. Our operations goal for 2022 is to expand the specifications of recycled polyester. Upgrades to our DTY machines are now complete and will help to improve product quality, reduce commodity products, and leverage the benefits of vertically integrated nylon and polyester production to strike a balance between internal production and sales. This will hopefully increase overall operating efficiency at the Company.

Chemical Materials Division：

Sales and profits will be tracked on a rolling monthly basis according to annual goals. Production and sales policies will be adjusted immediately in response to any changes in the market. The Division will increase sales volume to stable long term customers and coordinate raw material purchases to reduce inventory costs. Products will also be optimized to reach profit objectives.

1.3 Company's future development strategy

The Coronavirus Pandemic has impacted the world for over two years. International promotion has incurred huge losses across all industries. As the Pandemic becomes widespread and the Coronavirus continues to mutate, several countries have started treating the Coronavirus as an endemic disease. Border controls are expected to relax in the second half of 2022. The Company will use this opportunity to participate in several large-scale international exhibitions to promote our outstanding products in overseas markets. We will work with all related industries in support of developing trends like sustainability and the curricular economy.

In 2022, Zig Sheng will commit to advancing issues like economic efficiency, energy conservation and reduced emissions, sustainable development, and corporate governance. We will strive to increase our market competitiveness and expand the growth potential of our business as we strive to create the best possible outcome for the Company, shareholders, and employees.

1.4 The effect of external competition, the legal environment, and the overall business environment

Total operating revenue in 2021 was NT$ 11.2 billion. Annual revenue grew by 46%. This increase is attributed to higher prices for finished goods, lower inventory costs, and effective restructuring of our production and product lines. Net operating income was NT$ 645.11 million. Strong performance in addition to profitable outside investments earned a total annual pre-tax net income of NT$ 1.04 billion. The ratio of liabilities to assets： 32%, net value per share was NT$13.75, and overall financial structure was lean and stable.

Quarantines amidst community transmission during the 2021 Coronavirus outbreak in Taiwan affected operations of all major industries. The pandemic was also felt strongly in Southeast Asia and India. Large production cuts in Southeast Asian nations heavily impacted global supply chains. Taiwan gradually brought the pandemic under control in the second half of the year. Production stabilized and brand customers continued to place orders because of shipping delays and empty retail shelves. Upstream industries benefited from this slight increase in downstream demand. It proved to be a fruitful year for Zig Sheng's synthetic fiber manufacturing and petrochemical raw materials business.

Global oil prices rose sharply in 2021 as Brent Crude Futures went from US$51.80 at the end of 2020 to US$88.44, an annual growth rate of more than 50%. The price of Nylon raw material Caprolactam (CPL) also increased from US$1,520/MT at the beginning of 2021 to US$2,150/MT. Steadily rising raw material prices and favorable customer demand contributed to healthy growth of the nylon industry. The price of polyester raw materials PTA and MEG remained stable as factories in Mainland China expanded and eliminated smaller production lines.

In the last few years, the Company has made adjustments to our nylon polymerization, nylon engineering plastics, nylon spinning, and textured yarn production lines in response to a changing industry and market. We've seen concrete results with all our production lines running at near capacity. The Company continues to strengthen our recycled product lines in order to meet sustainability requirements in future markets.

Besides previous products like recycled fishing net, the Company also built a new Ecozycle plant to manufacture recycled PET chips. The plant started production in Q4 2021 and now provides a stable supply of recycled PET chips. The plant ensures sufficient raw material supplies to produce quality recycled polyester textured yarn. When coordinated with our newly established, comprehensive polyester POY production lines, the Company can leverage the advantages of vertical integration to produce polyester products. Integration with upstream and downstream industries, alongside more frequent promotion tailored to brand customers, will help us to develop custom specifications and provide new functional textiles. As global brand customers adopt a larger proportion of recycled yarn, Zig Sheng will be able to grow alongside our customers in accordance with global trends to help our customers reach their goals.

II. Company Profile

2.1 Date of Incorporation：August 18, 1969

2.2 Company History：

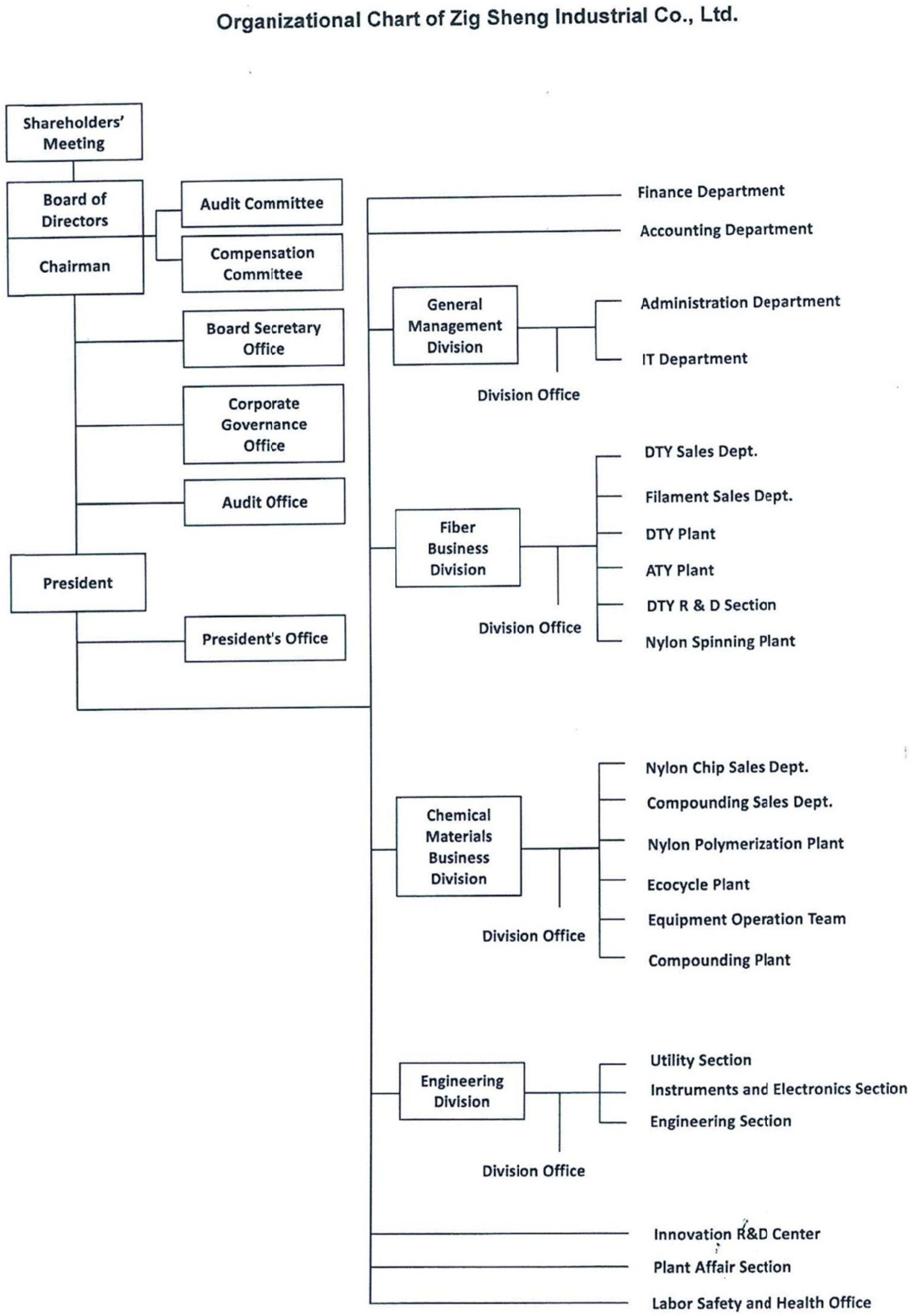
Year	Milestones
1969	ZIG SHENG Industry Co., Ltd. was founded by Mr. Su Hsin, Mr. Su A-Lin and Mr. Yeh Sou-Tsun, with a capital of NT$16 million under partnership.
1970	Operation of the " First DTY Plant " started .
1982	By leading the industry, first introduced high-speed friction type draw texturing machine, which was the beginning of production automation at the time.
1990	Supplement the publicly issue, plan the stock IPO.
1992	" Second DTY Plant " was constructed. ZIG SHENG establishes Taiwan's first fully automatic plant.
1993	Company stock listed on Taiwan Stock Exchange. (TW：1455)
1994	Approval ISO-9002 QA certification.
1997	" Third DTY Plant "started . Approval ISO - 9001 Quality Certification.
1998	Planning construction of line production Nylon Plant for production of Nylon chips and yarn. The plant had been approved as an important investment by the " Industrial Development Bureau " and was able to enjoy income tax free for 5 years.
2000	Nylon Spinning Plant start-up.
2001	PA6 Polymerization Plant start-up.
2004	Expanded the " Second Nylon Polymerization Plant " .Expand of four production lines the monthly output to 6,000 tons.
2006	Start-up of the second PA6 Polymerization Plant.
2007	Investment the second PA6 Polymerization Plant , in line with the provisions of the "Incentive Measures for the Five-Year Exemption of Profit-making Enterprise Income Tax for New Investment in Manufacturing and Related Technical Service Industries" promulgated by the Executive Yuan, it has been profit-making enterprise income tax for five consecutive years since 2009.
	Approval OHSAS-18001 certification. (Occupational Health and Safety Management System)
2008	Start-up Chemical Materials Business Division and Fiber Business Division

Year	Milestones
2009	Strengthened the connection of the website between the company and the Taiwan Stock Exchange, completely - Won The 6th Listed Company Information Disclosure Evaluation Progress Excellence Award.
2010	Approval ISO/TS 16949 automotive quality control system certification.
2011	Third PA6 Polymerization Plant and Second Nylon Spinning Plant were acquired.
2012	The Polyester Yarn Plant was officially put into operation.
2013	Start-up of the Third PA6 Polymerization Plant and the ATY Plant.
2014	ISO 14064-1 Greenhouse Gas Emissions Verification Statement was approval.
	ISO 14001 Environmental Management System Certification was approval.
2015	The certification of GRS (Global Recycled Standard System) was approval.
2016	The Water Material Plant was constructed.
2017	The “Corporate Social Responsibility Report” was issued for the first time.
2019	From the OHSAS 18001 certification (Occupational Health and Safety Management System), following the requirements of the new standard, smoothly transitioned to the ISO 45001 occupational health and safety management system.
2020	The new Polyester Yarn Plant was built and put into operation in the first quarter. The second construction has been done and installation completed.
2021	The new Ecocycle Plant start-up.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Responsibilities of Functional Committee and Main Departments

<table>
<tr><th colspan="2">Main Department</th><th>Responsibilities</th></tr>
<tr><td colspan="2">Audit Committee</td><td>According to the terms of reference listed in Article 6 of the "Organizational Rules of Audit Committee" of the company.</td></tr>
<tr><td colspan="2">Compensation Committee</td><td>● Formulating the company's compensation policies, systems, standards and structures.
● Regularly evaluating the compensation of the company’s directors and managers.
● Regularly reviewing the annual and long-term performance targets of the company’s directors and managers.</td></tr>
<tr><td colspan="2">Board Secretary Office</td><td>● Draft the contents of the board meeting and handle related matters of the meeting.
● Regularly evaluate board performance.</td></tr>
<tr><td colspan="2">Corporate Governance Office</td><td>● Draft the contents of the shareholders’ meeting and handle related matters of the meeting.
● Handle matters related to the election and appointment of directors, and assist in the further study of directors.
● Analysis and promotion of the results of the corporate governance evaluation of the Securities and Foundation, assisting in updating the company's website to strengthen information disclosure.
● Formulate (amend) the company's articles of association and relevant rules and regulations of corporate governance, and formulate (amend) information disclosure, unified reporting and management.</td></tr>
<tr><td colspan="2">Audit Office</td><td>Assisting in the establishment and promotion of various management systems; drafting, reviewing and reporting internal audit plans; tracking and improving various major exceptional cases; supervising and reviewing self-inspection operations of internal control.</td></tr>
<tr><td colspan="2">President's Office</td><td>Assisting in the establishment and promotion of various management systems, the ISO quality assurance system and the OHSAS occupational safety and health system; project promotion, improvement and inspection; holding business meetings; management of company documents; assisting in the implementation of computerized operations.</td></tr>
<tr><td colspan="2">Finance Department</td><td>● Planning and execution of stock affairs, financial cashier, capital scheduling and investment cases.
● Handling matters required by directors to effectively assist directors in performing their duties and complying with relevant laws and regulations.</td></tr>
<tr><td colspan="2">Accounting Department</td><td>Establishment of accounting system and accounting treatment of various accounting, taxation, and cost entries.</td></tr>
<tr><td rowspan="2">General Management Division</td><td>Administration Department</td><td>Procurement of various materials, project contracting, property insurance, personnel and general affairs.</td></tr>
<tr><td>IT Department</td><td>Coordinate computerized system planning, analysis, programming, software and hardware maintenance and database management.</td></tr>
</table>

Main Department		Responsibilities
Fiber Business Division	DTY Sales Department	Internal and external sales of Nylon/Polyester Textured Yarn , planning and execution of marketing plans, market intelligence collection and analysis and new product business development.
	Filament Sales Department	Internal and external sales of Nylon/PET Filament, planning and execution of marketing plans, market intelligence collection and analysis and new product business development.
	DTY Plant I, II and III	Production, quality control and equipment maintenance of Nylon/ Polyester Textured Yarn.
	ATY Plant	Air-textured Yarn production, quality control and equipment maintenance.
	DTY R&D Section	Research, promotion and after-sales service of development plans for new Nylon/Polyester Textured Yarn products.
	Nylon Spinning Plant I and II	Production, quality control, equipment maintenance and after-sales service of Nylon/PET Filament.
Chemical Materials Business Division	Nylon Chips Sales Department	Internal and external sales of Nylon Chips, planning and execution of marketing plans, market intelligence collection and analysis and new product business development.
	Compounding Sales Department	Internal and external sales of PA Compound and other chemical materials, planning and execution of marketing plans, market intelligence collection and analysis and new product business development.
	Nylon Polymerization Plant I and II	Production, quality control and after-sales service of Nylon Chips, recycled Chips and engineering plastics.
	Ecocycle Plant	Acquired waste bottle flakes as recycled raw materials to produce bottle recycled PET chips.
	Equipment Operation Team	Maintenance of equipment in Polymerization Plant I and II, Ecocycle Plant, Compounding Plant and R&D Center.
	Compounding Plant	Production and quality control of PA Compound and other chemical materials.
Engineering Division	Utility Section	Operation and maintenance of public facilities.
	Instruments and Electronics Section	Control circuit maintenance of instruments (meters) and production equipment.
	Engineering Section	Major and expansion project planning, outsourcing and progress control.
Innovation R&D Center		Developing production technologies for new products such as advanced engineering plastics, functional fibers and industrial fibers.
Plant Affair Section		Coordinating and managing personnel, general affairs, materials, storage and transportation in the plant area.
Labor Safety and Health Office		Planning and supervising the labor safety and health management of various departments.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

3.2.1.1 Information of directors and supervisors (1) ： Shareholding and compensation

April 10, 2022

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note10)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	YEH, SOU-TSUN	Male 81-90 years old	June 24, 2019	3 Years	April 28, 1998	19,692,945	3.22	19,692,945	3.70	10,579,054	1.99	0	0	Department of Accounting, National Chengchi University	Note 1	Director	YEH, TSUNG-HAO	Father and son	None
Director	R.O.C.	SU, PAT-HUANG	Male 51-60 years old	June 24, 2019	3 Years	June 13, 2001	37,160,455	6.07	27,160,455	5.11	116,543	0.02	16,000,000	3.01	National Taiwan University Institute of Industrial Engineering College of Engineering	Note 2	Representative of corporate director	SU,CING-YUAN	brothers	None
Director	R.O.C.	YI SHENG INVESTMENT CO., LTD.	None	June 24, 2019	3 Years	June 10, 2013	52,783,760	8.63	52,783,760	9.93	0	0	0	0	None	Supervisor Of LILY TEXTILE CO., LTD.	None	None	None	None
Representative of corporate director	R.O.C.	SU,CING-YUAN	Male 61-70 years old	June 24, 2019	3 Years	June 13, 2001	Note 4	0	26,912,389	5.06	25,000	0	16,000,000	3.01	Department of Business Aministration, Tamkang University	Note 3	Director	SU, PAT-HUANG	brothers	None
Director	R.O.C.	YEH, TSUNG-HAO	Male 51-60 years old	June 24, 2019	3 Years	June 15, 2007	12,492,312	2.04	12,492,312	2.35	48,033	0.01	0	0	Finance, University of Southern California	Note 5	Director	YEH, SOU-TSUN	Father and son	None
Director	R.O.C.	LIANG, LONG-SHIANG	Male 71-80 years old	June 24, 2019	3 Years	June 24, 2019	145,468	0.02	145,468	0.03	0	0	0	0	Textile Engineering Section , National Taipei Institute of Technology	Minister of Fiber Business Division	None	None	None	None
Director	R.O.C.	SU, PO-CHEN	Male 41-50 years old	June 24, 2019	3 Years	June 10, 2013	323,902	0.05	2,523,902	0.47	713,278	0.13	0	0	Department of Chemistry Tamkang University	Note 6	None	None	None	None
Director	R.O.C.	SU, EN-PING	Female 31-40 years old	June 24, 2019	3 Years	June 27, 2016	512,000	0.08	759,000	0.14	0	0	0	0	Department of Chinese, National Tsing Hua University	Note 7	None	None	None	None
Independent director	R.O.C.	OU, YU-LUN	Male 51-60 years old	June 24, 2019	3 Years	June 27, 2016	0	0	0	0	0	0	0	0	Faculty of Law, National Taiwan University	Note 8	None	None	None	None
Independent director	R.O.C.	YU, NENG-YUAN	Male 81-90 years old	June 24, 2019	3 Years	June 24, 2019	0	0	0	0	0	0	0	0	Institute of Finance, National Chengchi University	None	None	None	None	None
Independent director	R.O.C.	LIN, KO-WU	Male 71-80 years old	June 24, 2019	3 Years	June 24, 2019	0	0	0	0	0	0	0	0	Department of Accounting, National Chung Hsing University	Note 9	None	None	None	None

Note 1：Mr. YEH, SOU-TSUN presently acts as the Chairman of the company, presently and concurrently acts as the Director of Evertex Fabrinology Ltd., Representatives of corporate directors of Everest Textile CO.,LTD and Director of Eclat Textile CO., LTD.

Note 2：Mr. SU, PAT-HUANG presently acts as the President of the company, presently and concurrently acts as the Supervisor of CHYANG SHENG DYEING & FINISHING CO., LTD., Representatives of corporate supervisor of LILY TEXTILE CO., LTD., Director of LILY Entertainment Corporation, Director of YI SHENG Investment CO., LTD., and Director of Qiang You Sheng Co., Ltd.

Note 3：Mr. SU,CING-YUAN, presently and concurrently acts as the Director and President of LILY TEXTILE CO., LTD., the chairman of YI SHENG Investment CO., LTD. and Supervisor of Qiang You Sheng Co., Ltd.

Note 4：Mr. SU,CING-YUAN is the representative of the legal person director YI SHENG INVESTMENT CO., LTD. so there is no need to indicate that he holds shares at the time of appointment.

Note 5：Mr. YEH, TSUNG-HAO, Vice President of Chemical Materials Business Division of the Company, and Director of LILY Entertainment Corporation.

Note 6：Mr. SU, PO-CHEN, Director and President of HONE-STRONG Industrial CO., LTD. and the Independent director of De Licacy Industrial Co., Ltd.

Note 7：Ms. SU, EN-PING, Representatives of corporate supervisor of LILY Entertainment Corporation.

Note 8：Mr. OU, YU-LUN, presently and concurrently acts as the Independent director of LEALEA Enterprise CO., LTD.

Note 9：Mr. LIN, KO-WU, presently and concurrently acts as the Independent director of TAH HSIN Indrstrial CORP. and the Independent director of The Landis Taipei Hotel Co., Ltd.

Note 10：Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Table I：Major shareholders of the institutional directors (April 10, 2022)

Name of corporate director	Major shareholder	Shareholding ratio(%)
YI SHENG INVESTMENT CO., LTD.	SU, CING-YUAN	42.09
	SU, PAT-HUANG	42.09

3.2.1.2 Information of directors and supervisors (2)

(1) Disclosure of information on the professional qualifications of directors and supervisors and the independence of independent directors：

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Chairman YEH, SOU-TSUN	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law. Current position： Chairman of the company Relevant experience： Director of Eclat Textile CO., LTD. Director of Evertex Fabrinology Ltd., Representatives of corporate directors of Everest Textile CO.,LTD Education： Department of Accounting, National Chengchi University	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-directors and supervisors of the company or its affiliates.	None

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director SU, PAT-HUANG	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law Current position： President of the company Relevant experience： Supervisor of CHYANG SHENG DYEING & FINISHING CO., LTD., Representatives of corporate supervisor of LILY TEXTILE CO., LTD., Director of Taiwan Synthetic Resins Manufacturers Association Chairman of Taiwan Man-made Fiber Industries Association Education： National Taiwan University Institute of Industrial Engineering College of Engineering	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative.	None

Condition Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director YI SHENG INVESTMENT CO., LTD. Representative： SU,CING-YUAN	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law Current position： President of LILY TEXTILE CO., LTD., Relevant experience： Director of LILY TEXTILE CO., LTD., Chairman of YI SHENG Investment CO., LTD. Education： Department of Business Aministration, Tamkang University	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-employees of the company or its affiliates.	None

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director YEH, TSUNG-HAO	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law Current position： Vice President of Chemical Materials Business Division of the Company Relevant experience： Director of LILY Entertainment Corporation. Education： Finance, University of Southern California	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee.	None

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director LIANG, LONG-SHIANG	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law Current position： Senior Vice President of the Company Relevant experience： Head of the Fiber Business Department of the company Education： Textile Engineering Section, National Taipei Institute of Technology	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others. ⑧ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee. ⑨ There is no relationship between spouses or relatives within the second degree of kinship with other directors.	None

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director SU, PO-CHEN	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law Current position： President of HONE-STRONG Industrial CO., LTD. Relevant experience： Director of HONE-STRONG Industrial CO., LTD. Independent director of De Licacy Industrial CO., LTD. Audit Committee and Remuneration Committee of De Licacy Industrial CO., LTD. Education： Department of Chemistry Tamkang University	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-employees of the company or its affiliates. ⑧ Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others. ⑨ Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, who are not the managers listed in (8) or the persons listed in (1) and (9). ⑩ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee. ⑪ There is no relationship between spouses or relatives within the second degree of kinship with other directors.	None

Condition / Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Director SU, EN-PING	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law. Current job and related experience Representatives of corporate supervisor of LILY Entertainment Corporation. Education： Department of Chinese, National Tsing Hua University	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-employees of the company or its affiliates. ⑧ Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others. ⑨ Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, who are not the managers listed in (8) or the persons listed in (1) and (9). ⑩ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee. ⑪ There is no relationship between spouses or relatives within the second degree of kinship with other directors.	

<table>
<tr><th>Condition
Name</th><th>Professional qualifications and experience</th><th>Independence situation</th><th>Concurrently serve as other public offerings Number of independent directors of the company</th></tr>
<tr><td>Independent director OU, YU-LUN</td><td>Have more than five years of work experience required by the company and
None of the circumstances of Article 30 of the Company Law

Current position：
Practicing Lawyer at Li Yang Law Firm

Relevant experience：
Audit Committee and Remuneration Committee of the Company (current position)
Independent director of LEALEA Enterprise CO., LTD.
Audit Committee and Remuneration Committee of LEALEA Enterprise CO., LTD.
Arbiter at the Chinese Arbitration Association, Taipei
Judge at the Shilin District Court
Court Summary Judge at the Taipei District Court

Education：
Faculty of Law, National Taiwan University</td><td rowspan="2">① Non-directors and supervisors of the company or its affiliates.
② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person.
③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company.
④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company.
⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses.
⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative.
⑦ Non-employees of the company or its affiliates.
⑧ Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.
⑨ Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, who are not the managers listed in (8) or the persons listed in (1) and (9).
⑩ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee.
⑪ There is no relationship between spouses or relatives within the second degree of kinship with other directors.</td><td>1</td></tr>
<tr><td>Independent director YU, NENG-YUAN</td><td>Have more than five years of work experience required by the company and
None of the circumstances of Article 30 of the Company Law

Relevant experience：
Audit Committee and Remuneration Committee of the Company (current position)
Served as Deputy Minister of the Taxation Agency, Ministry of Finance.（Retire）
Former Director of China P&C Insurance Company
Former Supervisor of Bank of Communications, Mega Bank and Mega Financial Holdings

Education：
Institute of Finance, National Chengchi University</td><td>None</td></tr>
</table>

Condition Name	Professional qualifications and experience	Independence situation	Concurrently serve as other public offerings Number of independent directors of the company
Independent director LIN, KO-WU	Have more than five years of work experience required by the company and None of the circumstances of Article 30 of the Company Law. Current position： Certified Public Accountant of First United Certified Public Accountants Relevant experience： Audit Committee and Remuneration Committee of the Company (current position) Independent director of TAH HSIN Indrstrial CORP. Audit Committee, Remuneration Committee of TAH HSIN Indrstrial CORP. Independent director of The Landis Taipei Hotel Co., Ltd. Former Director of First United Accounting Firm Education： Department of Accounting, National Chung Hsing University	① Non-directors and supervisors of the company or its affiliates. ② Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person. ③ Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company. ④ Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company. ⑤ Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. ⑥ There is no Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative. ⑦ Non-employees of the company or its affiliates. ⑧ Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others. ⑨ Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, who are not the managers listed in (8) or the persons listed in (1) and (9). ⑩ Legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law. person or employee. ⑪ There is no relationship between spouses or relatives within the second degree of kinship with other directors.	2

(2) Diversity and independence of the board of directors： the company currently has ten directors in the eighteenth session (including three independent directors)

① Diversification of the board of directors：

Based on the policy of diversification and strengthening of corporate governance, the company promotes the development of the composition and structure of the board of directors. To measure professional background, integrity or relevant professional qualifications, etc., after the resolution of the board of directors is passed, it will be sent to the shareholders' meeting for election. The composition of the board of directors should not exceed one-third of the number of directors who also serve as managers of the company, and formulate appropriate diversification policies based on their own operations, operational patterns and development needs, including but not limited to the following：

- Basic conditions and values：gender, age, nationality and culture.
- Professional knowledge and skills： operational judgment, accounting and financial analysis, business management, management ability, crisis management ability, industry knowledge, international market outlook, leadership ability and decision-making ability.
- Please refer to page 32 of this annual report for the implementation of the Company's Board of Directors Diversity Policy.
- The specific management objectives and achievement of the diversity policy for the composition of directors are as follows：

Board Diversity Management Goals	Achievement
1. The chairman of the company and the general manager or other persons of equivalent rank (the top manager) are not the same person or are each other's spouses or first-degree relatives.	Reach
2. No more than two directors of the company are spouses or relatives within the second degree of kinship.	Reach
3. The company's board of directors must include at least one female director.	Reach
4. Among the directors of the company, the number of employees who are employees of the company, parent, child or brother company is less than (including) one third of the number of directors.	Reach
5. A single legal person organization and its subsidiaries account for less than one-third of the board seats.	Reach
6. The term of at least two independent directors does not exceed three terms.	Reach

② Independence of the board of directors：

- As of the end of 2021, all independent directors have met the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors.
- None of the directors and independent directors are subject to items 3 and 4 of Article 26-3 of the Securities and Exchange Act.
- Educational background, gender and work experience of each director (please refer to page 16~17 of this annual report for information on directors).
- The Board of Directors of the Company is independent.
  (Please refer to pages 18~26 of this annual report, Disclosure of Professional Qualifications of Directors and Independence of Independent Directors).

3.2.2 Management Team

April 10,2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	SU, PAT-HUANG	Male	May 27,2004	27,160,455	5.11	116,543	0.02	16,000,000	3.01	National Taiwan University Institute of Industrial Engineering College of Engineering	Note 1	None	None	None	None
Senior Vice President	R.O.C.	LIANG, LONG-SHIANG	Male	January 1,2008	145,468	0.03	0	0	0	0	Textile Engineering Section, National Taipei Institute of Technology	None	None	None	None	None
Vice President of Chemical Materials Business Division	R.O.C.	YEH, TSUNG-HAO	Male	September 1,2007	12,492,312	2.35	48,033	0.01	0	0	Finance, University of Southern California	Director of LILY Entertainment Corporation	None	None	None	None
Vice President of Fiber Business Division	R.O.C.	YEH,PI-LU	Male	January 27,2014	635,159	0.12	942	0	0	0	Master of Business Administration, National Chengchi University	None	None	None	None	None
Assistant Vice President of Fiber Business Division	R.O.C.	LIN,CHING-CHUAN	Male	April 1,2021	50,000	0.01	0	0	0	0	Nanya Technical College Textile Faculty	None	None	None	None	None
Vice President of the Ministry of Works and Plant Management Office	R.O.C.	YOU,CONG-JHIH	Male	February 1,2018	46,113	0.01	0	0	0	0	Taoyuan Municipal Wu-Ling Senior High School	None	None	None	None	None
Plant manager of Nylon Polymerization Plant	R.O.C.	ZENG,YU-CI	Male	February 1,2018	35,927	0.01	0	0	0	0	PhD in Organic Polymer of National Taipei University of Technology	None	None	None	None	None
Vice President of General Management Division	R.O.C.	KUO,SHIH-CHENG	Male	March 1,2000	7,059	0	75	0	0	0	Department of Accounting of Feng Chia University	None	None	None	None	None
Vice President of Financial Department	R.O.C.	YEN,CHUNG-TZU	Female	July 1,1994	0	0	0	0	0	0	Accounting Statistics Section of National Taipei Commercial College	None	None	None	None	None
Manager of Accounting Department(Note 3)	R.O.C.	CHENG, CHIU-YUEH	Female	January 7,2022	10,303	0	485	0	0	0	Taipei Business School Attached to Air School Business Management Division	None	None	None	None	None
Assistant Vice President of R&D Center	R.O.C.	LIN,YU-TANG	Male	November 1,2020	60,185	0.01	0	0	0	0	Ph.D. Graduate School of Fiber and Polymer Engineering, National Taiwan University of Science and Technology	None	None	None	None	None

Note 1： Mr. SU, PAT-HUANG presently acts as the President of the company, presently and concurrently acts as the Supervisor of CHYANG SHENG DYEING & FINISHING CO., LTD., Representatives of corporate supervisor of LILY TEXTILE CO., LTD., Director of LILY Entertainment Corporation, Director of YI SHENG Investment CO., LTD., and Director of Qiang You Sheng Co., Ltd.

Note 2： Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Note 3： The position of the company's accounting supervisor was adjusted on January 7, 2022. The new accounting supervisor, Manager CHENG, CHIU-YUEH, and the old assistant CHEN,CI-HUANG, retired on February 28, 2022.

3.3 Remuneration paid to directors, supervisors, Presidents and Vice presidents in the most recent year：

3.3.1 Remuneration of general directors and independent directors (Individual disclosure of names and payment methods)

Unit：NT$ thousands

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 6)</th><th colspan="8">Relevant Remuneration Received by Directors Who are Also Employees</th><th colspan="2" rowspan="2">Ratio of total compensation (A+B+C+D) and their proportion to net income (%)(Note 6)</th><th rowspan="4">Remuneration from ventures other than subsidiaries or from the parent company (Note 7)</th></tr>
<tr><th colspan="2">Base Compensation (A) (Note 1)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Directors Compensation(C) (Note 2)</th><th colspan="2">Allowances (D)(Note 3)</th><th colspan="2">Salary, Bonuses, and Allowances (E) (Note 4)</th><th colspan="2">Severance Pay (F)</th><th colspan="4">Employee Compensation (G) (Note 5)</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman</td><td>YEH,SOU-TSUN</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">31,723</td><td rowspan="10">31,723</td><td rowspan="10">2,550</td><td rowspan="10">2,550</td><td rowspan="10">3.7250</td><td rowspan="10">3.7250</td><td rowspan="10">32,770</td><td rowspan="10">32,770</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">7.2866</td><td rowspan="10">7.2866</td><td rowspan="10">None</td></tr>
<tr><td>Director</td><td>SU, PAT-HUANG</td></tr>
<tr><td>Director</td><td>YEH, TSUNG-HAO</td></tr>
<tr><td>Director</td><td>LIANG, LONG-SHIANG</td></tr>
<tr><td>Director</td><td>SU, EN-PING</td></tr>
<tr><td>Director</td><td>SU, PO-CHEN</td></tr>
<tr><td>Director</td><td>SU,CING-YUAN, Representative of Yisheng Investment Co., Ltd.</td></tr>
<tr><td>Independent Director</td><td>OU, YU-LUN</td></tr>
<tr><td>Independent Director</td><td>LIN, KO-WU</td></tr>
<tr><td>Independent Director</td><td>YU, NENG-YUAN</td></tr>
<tr><td></td><td colspan="22">1. Please describe the policy, system, standard and structure for the remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration：None.
2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) of the Company in the most recent fiscal year： None.</td></tr>
</table>

Note： The chairman of the board has a driver, and the annual remuneration in 2021 is NT$773 thousand.

Note： The president has a driver, and the annual remuneration in 2021 is NT$416 thousand. (New coming in May 2021)

Range of Remuneration

Remuneration of Directors ,Range of Remuneration	Directors' Name			
	The total of remunerations. (A+B+C+D)		The total of remunerations. (A+B+C+D+E+F+G)	
	The company(Note7)	Companies in the consolidated financial statements	The company(Note7)	Companies in the consolidated financial statements
Under NT$1,000,000	OU, YU-LUN LIN, KO-WU YU, NENG-YUAN	OU, YU-LUN LIN, KO-WU YU, NENG-YUAN	OU, YU-LUN LIN, KO-WU YU, NENG-YUAN	OU, YU-LUN LIN, KO-WU YU, NENG-YUAN
NT$1,000,000(inclusive)~NT$2,000,000(exclusive)	None	None	None	None
NT$2,000,000(inclusive)~NT$3,500,000(exclusive)	None	None	None	None
NT$3,500,000(inclusive)~ NT$5,000,000(exclusive)	SU, PAT-HUANG YEH, TSUNG-HAO LIANG, LONG-SHIANG SU, EN-PING SU, PO-CHEN Representative of Yi Sheng Investment Co., Ltd. ： SU,CING-YUAN	SU, PAT-HUANG YEH, TSUNG-HAO LIANG, LONG-SHIANG SU, EN-PING SU, PO-CHEN Representative of Yi Sheng Investment Co., Ltd. ： SU,CING-YUAN	SU, EN-PING SU, PO-CHEN Representative of Yi Sheng Investment Co., Ltd. ： SU,CING-YUAN	SU, EN-PING SU, PO-CHEN Representative of Yi Sheng Investment Co., Ltd. ： SU,CING-YUAN
NT$5,000,000(inclusive)~10,000,000(exclusive)	YEH,SOU-TSUN	YEH,SOU-TSUN	YEH, TSUNG-HAO	YEH, TSUNG-HAO
NT$10,000,000(inclusive)~15,000,000(exclusive)	None	None	SU, PAT-HUANG LIANG, LONG-SHIANG	SU, PAT-HUANG LIANG, LONG-SHIANG
NT$15,000,000(inclusive)~30,000,000(exclusive)	None	None	YEH,SOU-TSUN	YEH,SOU-TSUN
NT$30,000,000(inclusive)~50,000,000(exclusive)	None	None	None	None
NT$50,000,000(inclusive)~100,000,000(exclusive)	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	10	10	10	10

Note 1： Refers to the remuneration of directors for the most recent year (including the directors' salary, allowance, severance pay, various bonuses, rewards etc.).

Note 2： The amount of directors' remuneration appropriated in the most recent year and approved by the board of directors.

Note 3： Refers to the relevant business execution expense of directors in the most recent year (including transportation fee, special allowances, various subsidies, accommodation, company vehicles and other physical offers etc.) When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the company, but not counted as the remuneration.

Note 4： Refers to the expense for the compensation, including salary, allowance, severance pay, various bonuses, rewards, transportation fee, special allowances, various subsidies, accommodation, company car etc. and physical offers etc., collected by directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees). When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

Note 5： Refers to where directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees) obtain employees' remuneration (including stocks and cash), the employees' remuneration amount appropriated in the most recent year based on the approval of the board of directors shall be disclosed.

Note 6： Net income refers to the net income of an entity or individual financial statements of the most recent year.

Note 7： a. This field shall clearly indicate the relevant compensation amount received by the directors of the Company from non-consolidated affiliates.

b. The compensation refers to the remuneration and salary received by directors acting as directors, supervisors or managers of investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses etc.

Note8： The Company pays the total amount of remuneration to each director, and discloses the name of the director in the rank to which they belong

3.3.2 Remuneration of Supervisors： Not applicable. The Company had replace supervisors with audit committee from June 26, 2019.

3.3.3 Remuneration of the President and Vice President (Individual disclosure of names and payment methods)

Title	Name	Salary(A) (Note 1)		Severance Pay (B)		Bonuses and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Ratio of total compensation (A+B+C+D) and their proportion to net income (%)(Note 4)		Remuneration from ventures other than subsidiaries or from the parent company (Note 5)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	SU, PAT-HUANG	14,826	14,826	0	0	25,037	25,037	407	0	407	0	4.3769	4.3769	0
Senior Vice President	LIANG, LONG-SHIANG													
Vice President	YEH, TSUNG-HAO													
Vice President	YEH, PI-LU													
Vice President	KUO, SHIH-CHENG													
Vice President	YU, TSUNG-CHIH													
Vice President	YEN, CHUNG-TZU													

Range of Remuneration

Remuneration of the Presidents and Vice Presidents Range of Remuneration	Presidents and Vice Presidents' Name	
	The company (Note 6)	Companies in the consolidated financial statements
Under NT$1,000,000	None	None
NT$1,000,000(inclusive)~NT$2,000,000(exclusive)	None	None
NT$2,000,000(inclusive)~NT$3,500,000(exclusive)	None	None
NT$3,500,000(inclusive)~ NT$5,000,000(exclusive)	YEH, TSUNG-HAO YU,TSUNG-CHIH YEH, PI-LU KUO, SHIH-CHENG	YEH, TSUNG-HAO YU, TSUNG-CHIH YEH, PI-LU KUO, SHIH-CHENG
NT$5,000,000(inclusive)~10,000,000(exclusive)	SU, PAT-HUANG LIANG, LONG-SHIANG YEN, CHUNG-TZU	SU, PAT-HUANG LIANG, LONG-SHIANG YEN, CHUNG-TZU
NT$10,000,000(inclusive)~15,000,000(exclusive)	None	None
NT$15,000,000(inclusive)~30,000,000(exclusive)	None	None
NT$30,000,000(inclusive)~50,000,000(exclusive)	None	None
NT$50,000,000(inclusive)~100,000,000(exclusive)	None	None
Over NT$100,000,000	None	None
Total	7	7

Note 1： Refers to the salary, allowance, severance pay for the President and Vice Presidents in the most recent year.

Note 2： Refers to various bonuses, rewards, transportation fees, special allowances, various subsidies, accommodation, company car and physical offers etc. as well as other remuneration amounts. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

Note 3： The employees' remuneration (including stocks and cash) appropriation for President and Vice Presidents approved by the board of directors for the most recent year shall be disclosed.

Note 4： The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers.

Note 5： The compensation refers to the remuneration and salary received by the President and Vice President acting as directors, supervisors or managers at investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses, etc.

Note 6： The Company pays the total amount of remuneration to each president and vice president, and discloses the name of the director in the rank to which they belong.

3.3.4 Name of managers with distribution of employees' remuneration and distribution status：

	Title	Name	Stock amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)
Manager	President	SU, PAT-HUANG	0	727	727	0.08
	Senior Vice President	LIANG, LONG-SHIANG				
	Vice President of Chemical Materials Business Division	YEH, TSUNG-HAO				
	Vice President of Fiber Business Division	YE, PI-LU				
	Assistant Vice President of Fiber Business Division	LIN,CHING-CHUAN				
	Vice President of the Ministry of Works and Plant Management Office	YU,TSUNG-CHIH				
	Plant manager of Nylon Polymerization Plant	ZENG, YU-CI				
	Vice President of General Management Division	KUO, SHIH-CHENG				
	Vice President of Financial Department	YEN, CHUNG-TZU				
	Assistant Vice President of R&D Center	LIN, YU-TANG				
	Assistant Vice President of Accounting Department	CHEN,CI-HUANG				

3.3.5 Separately compare and describe total remuneration, as a percentage of net income stated in the Company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and assistant presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure：

year / Title	Proportion of total remuneration to net profit after tax			
	2020	2020 Consolidated	2021	2021 Consolidated
Director	(77.10%)	(77.10%)	9.49%	9.49%
President and Vice president				

Note：The remuneration or salary of the directors, supervisors and (deputy) President is based on the distribution and salary system standard of the company's articles of association. The salary structure includes the salary, job allowance, transportation allowance, performance bonus, etc., and is based on the company's annual profitability , With reference to the difference in their position, seniority and work performance, and give unequal year-end bonuses.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

3.4.1.1 Attendance of Directors at Board Meetings

A total of 6 (A) meetings in 2021 of the Board of Directors were held in the previous period. The attendance of director were as follows：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate(%) (B/A)	Remarks
Chairman	YEH, SOU-TSUN	6	0	100%	The company selected ten directors (including three independent directors) at the 108th shareholders' meeting after completing the 18th director re-election procedure, and established an audit committee in accordance with Article 14 of the Securities Exchange Law. The audit committee is composed of all independent directors. The company has established an audit committee to replace the supervisor on June 24, 2019.
Director	SU, PAT-HUANG	6	0	100%	
Director	SU, CING-YUAN	6	0	100%	
Director	YEH, TSUNG-HAO	6	0	100%	
Director	SU, PO-CHEN	6	0	100%	
Director	SU, EN-PING	6	0	100%	
Director	LIANG, LONG-SHIANG	6	0	100%	
Independent director	OU, YU-LUN	6	0	100%	
Independent director	YU, NENG-YUAN	6	0	100%	
Independent director	LIN, KO-WU	6	0	100%	

Other mentionable items：

1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified：
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.：
   Please refer to the important resolutions of the board of directors on pages 84～86.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.：
   The independent directors of the company agree with the major proposals of the board of directors, without any objections or reservations.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified：None.

3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation ethod	Evaluation items
Execute once a year	January 1, 2021 to December 31 2021	A.Board of Directors B.Individual directors	Internal self-evaluation by the board of directors Board member self-evaluation	A. Board of Directors 1. Participation in the company's operations 2. Improve the quality of board decisions 3. Board composition and structure 4. Director selection and continuing education 5. Internal control B. Individual directors 1. Master the company's goals and tasks 2. Awareness of Directors' Responsibilities 3. The degree of participation in the company's operations 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal control

4. Measures taken to strengthen the functionality of the board： The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.：

4.1 In order to implement corporate governance, enhance the functions of the board of directors of the company, and establish performance goals to enhance the operational efficiency of the board of directors, the "Measures for Performance Evaluation of the Board of Directors" was formulated on January 10, 2020, and the performance evaluation of the entire board of directors and individual directors is carried out on a regular basis every year according to these measures. . "Board Performance Evaluation" since 2020.

4.2 The company’s 2021 annual evaluation results were submitted to the board of directors on March 11, 2022. The relevant overall evaluation results are as follows：

Assess Target	Comprehensive evaluation results
Board of Directors as a whole	90.31%
Individual directors	89.91%

4.3 In the future, the company will strengthen the diversification policy for the selection and appointment of directors, so as to make the company's measurement of business decisions more objective, and strengthen multi-faceted consideration to strengthen risk management.

4.4 It is recommended that the board of directors (semi-annual report, annual report) invite accountants to attend at least twice a year, so as to fully understand the company's operating decision-making process and financial status, and through two-way information exchange and sharing, understand and learn the similarities, differences and considerations of operations in different industries.

3.4.1.2 The board of directors met 6 times in 2021, and the supervisors were present as follows：

Not applicable, the company has set up an audit committee to replace the supervisor on June 24, 2019.

3.4.1.3 The Board of Directors Appraisal and Implementation：

According to the letter of Jinguan Zhengfa Zi No. 1070121469 dated December 25, 2018 by the Financial Regulatory Commission, listed OTC companies should conduct annual board evaluations from 2020 onwards, and complete the reporting of performance evaluation results before the end of the first quarter of the following year.

On January 10, 2020, the board of directors of the company passed the "Measures for the Performance Evaluation of the Board of Directors", and revised some provisions on November 5, 2021 and January 7, 2022, respectively. The results of the annual performance evaluation in 2021 have been reported. On March 11, 2022, the board of directors completed the reporting process, and placed the performance evaluation content on the company's website simultaneously.

3.4.2 Audit Committee Implementation Status Information

3.4.2.1 There are 3 members on the Audit Committee of the company (all are independent directors).

3.4.2.2 Term of the first committee：June 24, 2019 to June 23, 2022.

As of May 6 in 2022 and 2021, the Audit Committee held 7 meetings (A). The qualifications and attendance of the members are as follows：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks	
					Number of meetings in 2021	Number of meetings in 2022
Convener	OU, YU-LUN	7	0	100%	4	3
Independent director	YU, NENG-YUAN	7	0	100%	4	3
Independent director	LIN, KO-WU	7	0	100%	4	3

Other matters to be recorded ：

(1) The key annual work of the Audit Committee

① Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

② Assess the effectiveness of the internal control system.

③ Formulate or amend the handling procedures of major financial business activities, including acquisition or disposal of assets, engagement in derivative transactions, extending loans to others, and providing endorsements or guarantees for others in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

④ Matters involving the directors' own interests.

⑤ Major asset or derivative transactions.

⑥ Significant loan extensions, endorsements or guarantees.

⑦ Raising, issuing or private placement of equity securities.

⑧ Appointment, dismissal or remuneration of certified public accountants.

⑨ Appointment, dismissal or remuneration of financial, accounting or internal audit supervisors.

⑩ The annual financial report signed or stamped by the chairman, manager and accounting supervisor, and the second quarter financial report subject to review by accountants.

⑪ Other major matters stipulated by the company or competent authorities.

(2) If the operation of the audit committee falls under any of the following circumstances, the meeting date of the audit committee, the period, the content of the proposals, the independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's comments on the audit committee's opinions shall be stated. deal with：

① Resolutions related to Article 14-5 of Securities and Exchang Act：

Audit Committee				Report to the board meeting		
Meeting date	Proposal content	independent directors' dissenting opinions, reservations or significant recommendations	Resolution result	Date	Period	Handling of the opinions of the Audit Committee
March 26, 2021	●Amendment to the company’s internal control system. ●Review of the 2020 business report. ●Review of the 2020 individual and consolidated financial reports. ●Review of the 2020 Profit Distribution . ●Review of the 2020 assessment of the independence of the certification accountants and the appointment and remuneration of accountants in 2021. ●Review of the 2020 internal control statement.	None	All members attended and agreed.	March 26, 2021	12th session of the 18th term	Passed without objection.
November 5, 2021	Amendment to the company's internal control system.	None	All members attended and agreed.	November 5, 2021	16th session of the 18th term	Passed without objection.
January 7, 2022	Change to the principal accounting officer of the company.	None	All members attended and agreed.	January 7, 2022	17th session of the 18th term	Passed without objection.
March 11, 2022	●Amendment to the company’s internal control system. ●Review of the 2021business report. ●Review of the 2021 financial reports. ●Review of the 2021 profit and loss compensation. ●Review of the 2021 assessment of the independence of the certification accountants and the appointment and remuneration of accountants in 2022. ●Review of the 2021 internal control statement.	None	All members attended and agreed.	March 11, 2022	18th session of the 18th term	Passed without objection.
May 6,2022	●Amendment to the company’s internal control system. ●Review of the First Quarter Consolidated Financial Statements.	None	All members attended and agreed.	May 6,2022	20th session of the 18th term	Passed without objection.

② Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors：The company does not have this situation.

(3) Execution of the recusal of the proposal by independent directors to the stake：

① Reminder of avoidance of interests：
Before each audit committee meeting, the organizing unit will announce the relevant regulations on avoidance of interests to the independent directors.

② In 2021 and 2022, as of May 6, the execution of the recusal of the interests of independent directors：None.

(4) Status of communication between independent directors and the internal audit supervisor and the accountants：

① Independent directors communicated with the internal auditing officer separately (at least once a year)

Audit Committee (1st term)	Communication focus	Attendees	Communicate results
March 11, 2022	●Internal audit business report. ●Amendment to the company's internal control system.	OU, U-LUN YU, NENG-YUAN LIN, KO-WU All independent directors are present	After the audit supervisor individually reported to the independent directors before the meeting, each of the independent directors had no special recommendations.

② Independent directors communicated with the certified public accountant separately (at least once a year)

Corporate governance communication meeting	Communication focus	Attendees		Communicate results
		Certified Public Accountants	Independent directors	
March 11, 2022	●Description of Key Audit Matters ("KAM") ●Overall summary of audit results ●Type of audit opinion ●Materiality and uncorrected misstatement in the current period ●Significant deficiency in internal control ●Other communication matters	HSIAO, YING-CHIA	OU, YU-LUN YU, ENG-YUAN LIN, KO-WU All independent directors are present	After the accountants communicated with the independent directors individually and explained the contents, each of the independent directors had no special suggestions.

3.4.3 Corporate governance Implementation status and deviation from“ the Corporate overnance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		The company formulated the "Code of Practice for Corporate Governance" in 2015, and on March 26, 2021, the board of directors revised some of the provisions and disclosed it on the information reporting website designated by the competent authority.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) Our company has set up a spokesperson and deputy spokesperson system and an "Stakeholder Area " on the corporate website to properly handle shareholder suggestions, doubts and disputes. (Company Website\Corporate Sustainability\Interested Party Area\Opinion Survey and Complaint)	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) Our company has entrusted a professional stock affairs agency to be responsible for, and cooperate with our company's financial department to manage related matters.	None
(3) Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		(3) Our company has formulated the management and control mechanism of "Related Party Transaction Procedures" and "Operation Risk Management Procedures" to protect investors and safeguard the rights and interests of our company.	None
(4) Does the company establish internal rules against insiders trading with undisclosed	✓		(4) Our company has formulated the management system of "Management Regulations for	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
information?			Preventing Insider Trading" to protect investors and safeguard the rights and interests of our company.	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1) The directors of our company have diverse backgrounds and rich experience (Please refer to 3.4.3.1, P.48). Each director has detailed academic experience on page 18~26 of this annual report. The current members include 7 directors and 3 independent directors.	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) Our company set up its Compensation Committee on December 23, 2011, and the Audit Committee on June 24, 2019. Currently, there are no other functional committees.	None
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		(3) Our company formulated its "Performance Evaluation Measures for the Board of Directors" on January 10, 2020, and started conducting performance evaluation for the board of directors since 2020. The evaluation results have been submitted to the board meeting on March 11, 2022 for approval, and reported to the Stock Exchange on March 11.	None
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) Our company regularly reports the independent assessment results of the independent auditor to the board meeting in March each year. (Please refer to 3.4.3.2, P.49-50)	None
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but	✓		(1) On May 7, 2021, the company set up the position of Corporate Governance Director which was assumed by the Vice President of the Finance Department.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		Two corporate governance staff were also assigned to be jointly responsible for affairs related to corporate governance. (2) In terms of organizational structure, the company has set up a "Corporate Governance Office" and a "Board Secretary Office" under the board of directors to strengthen corporate governance. The finance department is also responsible for compliance with laws and regulations related to corporate governance. Corporate Governance Supervisors' further training . (Please refer to 3.4.3.3, P.50)	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		Our company has built an "Stakeholder Area" on its corporate website (Company Website\Corporate Sustainability\Interested Party Area\Opinion Survey and Complaint) for employees, investors, creditors, customers, suppliers, contractors, subsidiaries, peers, residents and government agencies to inquire and express their opinions, in order to provide a proper response mechanism.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		Stock Transfer Agency：Registrar Agency Department of Capital Securities Corporation	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) Website： www.zigsheng.com, under the "Stakeholders" area, set up information such as "Corporate Governance" and "Investor Area", and regularly update financial, business information and corporate governance information.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓ ✓		(2) Our company has a spokesperson and deputy spokesperson system, which publishes company-related financial and business information externally, and places the information on briefings to legal persons on our company website. (3) At present, the company only publishes its quarterly financial reports and monthly revenue before the specified deadlines in accordance with relevant laws and regulations. There has been no early announcement and declaration, but this item has been listed by the company as a goal for reinforcement.	None None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓ ✓		(1) The company has formulated various personnel regulations in accordance with relevant laws and regulations to protect the rights and interests of employees, attaches great importance to labor-management relations, and implements various environmental protection policies to enhance the awareness of environmental protection and social responsibility of all employees, and to ensure that the company's products comply with environmental protection regulations. (2) A "Corporate Governance Area" is built on the corporate website to provide stakeholder with an understanding of our company's various internal control systems and management practices.	None None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
	✓		(3) For details of directors' further training related to corporate governance, see page 51~52. (Please refer to 3.4.3.4)	None
	✓		(4) For details of managers' further training related to corporate governance, see page 53. (Please refer to 3.4.3.5)	None
	✓		(5) Our company maintains a smooth communication channel with customers, and the execution status is good.	None
	✓		(6) Since 2016, the company has purchased liability insurance for directors (supervisors) and important staff for the compensation liability for the execution of their business scope. The latest insurance period is from July 1, 2021 to July 1, 2022, and the insured amount is Shenbai Ten thousand U.S. dollars.	None
	✓		(7) The company attaches great importance to labor relations and provides employment opportunities to fulfill social responsibilities.	None

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures：

(1) The situation has been improved in 2021. The corporate governance evaluation result of 2021 was 74.04 points, from the fifth level to the fourth level, an improvement of 17.35 points.

① Safeguard the rights and interests of shareholders and treat them equally

- In 2021, the company has simultaneously released major information in both Chinese and English.
- The English version of the ordinary shareholders' meeting materials (notices, manuals, annual reports) are all uploaded to the public information observatory in compliance with the specifications.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

●The distribution of cash dividends (September 8, 2021), in compliance with the regulations, will be distributed within 30 days after the ex-dividend base date (August 17, 2021).

② Strengthen the structure and operation of the board of directors

●The "Measures for the Performance Evaluation of the Board of Directors" are actually implemented and the evaluation results are disclosed in the annual report of the shareholders' meeting and the company's website.

●The content and attendance of the remuneration committee meetings have been fully disclosed in the annual report and website.

●communication between independent directors, internal audit supervisors and accountants is fully disclosed in the annual report and website.

③ Improve information transparency

●The English version of the annual financial report will be uploaded to the Public Information Observatory 9 days before the shareholders' meeting and disclosed on the company's website.

●The English version of the company's website is established, which fully discloses the company's products, monthly revenue for the past three years and shareholders' meeting information. (meeting notice, procedure manual, annual report, minutes).

④ Implement corporate social responsibility

Set up a part-time unit for promoting corporate social responsibility (the company's general manager's office), responsible for the establishment and maintenance of the social responsibility management system, assist in the formulation (revision) of corporate social responsibility policies, and conduct environmental and social environmental and social issues related to company operations in accordance with the principle of materiality. Or the risk assessment of corporate governance issues, and formulate relevant risk management policies or strategies, compile a "Corporate Social Responsibility Report" every year and report to the board of directors every year, and disclose it in the annual report of the shareholders' meeting and the company's website.

(2) In 2022, in cooperation with the revision of corporate governance evaluation indicators (new additions), the company's priorities and measures are as follows：

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">① Indicator 1.8 ：The uploading of the annual report of the shareholders' meeting will be completed in advance from the 16th to the 18th, and this year will meet the standard.
② Indicator 2.11：The interim financial report was approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution, which was implemented after the Board of Directors report on March 11.
③ Indicator 2.23：The performance evaluation of the board of directors has been implemented in 2020 and 2021. The implementation situation and evaluation results have been disclosed on the company's website.
④ Indicator 3.6： The English version of the interim financial report has been uploaded to the Public Information Observatory since this year, and has been implemented after the March 11 Board of Directors report.
⑤ Indicator 4.7： The English version of the sustainability report will be compiled and will be uploaded to the public information observatory and company website before the end of 2022.
⑥ The company actively develops renewable energy, successively invests in green energy industries, and builds solar power plants. By the end of 2011, the capacity has been set at 2809.08kW. In 2011, another 559.3kW solar power plant will be built. After completion, the total capacity of the company's solar power plants will reach 3368.38kW.</td></tr>
</table>

3.4.3.1 Implementation status of policy on diversity of board members：

Diversity Core Items / Name of director	Basic Composition							Experience				Professional Competence			
	Nationality	Gender	Concurrent Position as Employee of the Company	Age			Seniority of Independent Director								
				70 years old and above	60 ~ 69 years old	Under 60 years old		Business management	Financial and accounting	Experience in the industry	Knowledge of the industry	Leadership, decision making, management, judgment and crisis handling abilities	Contribution to public welfare	Expertise in the operating business	Expertise in finance, legal
YEH, SOU-TSUN	R.O.C	Male	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓
SU, PAT-HUANG	R.O.C	Male	✓			✓		✓		✓	✓	✓	✓	✓	✓
YEH, TSUNG-HAO	R.O.C	Male	✓			✓		✓	✓	✓	✓	✓		✓	✓
LIANG, LONG-SHIANG	R.O.C	Male	✓	✓				✓		✓	✓	✓		✓	
SU, PO-CHEN	R.O.C	Male				✓		✓		✓	✓	✓	✓	✓	
SU, EN-PING	R.O.C	Female				✓		✓		✓	✓	✓			
Representative of corporate director SU,CING-YUAN	R.O.C	None	None	None	None	None		None	None	None	None	None	None	None	None
OU, YU-LUN	R.O.C	Male				✓	6 years	✓			✓	✓	✓	✓	✓
YU, NENG-YUAN	R.O.C	Male		✓			3 years	✓	✓		✓	✓			✓
LIN, KO-WU	R.O.C	Male		✓			3 years	✓	✓	✓	✓	✓		✓	✓

3.4.3.2 Independence and Competency of CPA Assessment Item：

(1) Evaluation content (refer to Article 47 of the Accountants Law and the No. 10 Bulletin of the Code of Professional Ethics for Accountants)

Item	specific indicators	Yes	No	Not applicable
1	The accountant has no direct or significant indirect financial interest in the client	✓		
2	Avoid any inappropriate relationship with the principal	✓		
3	The financial statement of the service organization within the two years before the practice cannot be checked for visa			✓
4	Do not have any money loan with the client	✓		
5	No co-investment or benefit-sharing relationship with the client	✓		
6	Do not concurrently work as the principal's regular work, and receive a fixed salary	✓		
7	Management functions that do not involve decision-making by the company or its affiliates	✓		
8	Do not charge any business-related commissions	✓		
9	As of the last visa application, there has been no change in seven years	✓		
10	Does not hold shares in the company and related companies	✓		
11	Have no relationship with the management of the company as a spouse, lineal relative by blood or affinity	✓		
12	Accountants should ensure integrity, impartiality and independence of their assistants	✓		
13	Accountant name shall not be used by others	✓		
14	Up to now, there has been no punishment or violation of the principle of independence	✓		
15	Whether to obtain the independent statement of independence issued by the appointed accountant in 2021	✓		

(2) Evaluation Result

The company's assessment of the independence of the certified accountant audit in 2021 was submitted to the board of directors for approval on March 11, 2022：

① The company entrusted Crowe (TW) CPAs to handle the 2021 annual financial report verification and visa application and income tax visa declaration. The certified accountants are HSIAO, YING-CHIA、LIN, CHIH-LUNG.

② Pursuant to Article 29 of the "Code of Practice on Governance of Listed Companies", after the accounting department's assessment on February 17, 2022 (as above), the accountants appointed by the company in 2021 meet the above independent assessment items. And the evaluation criteria of suitability, can continue to be suitable for the appointment of the company's financial (tax) visa-related business.

3.4.3.3 For details of Corporate Governance Directors' further training related to corporate governance in 2021 and 2022 ended on the date of publication of the annual report：

Organizer	Course title	Training hours
Institute of Financial Law and Crime Prevention	The Impact of ESG on Enterprise	3
Securities and Futures Institute	Corporate Governance 3.0 from the Perspective of Inspection and Adjustment	3
Securities and Futures Institute	Analysis of Practical Cases on the Establishment of Directors and Supervisors' Breach of Faith and the Crime of Special Breach of Faith	3
Taiwan Corporate Governance Association	From the Perspectives and Voting Behaviors of Foreign Shareholders, Share How Issuers Truly Implement ESG	3
Taiwan Academy of Banking and Finance	On the Structure and Inheritance of Family Holding Companies from the Perspective of Governance	3
Taiwan Academy of Banking and Finance	Requirements for the Board of Directors of Anti-Money Laundering and Combating Terrorism-related Regulations	3

3.4.3.4 For details of directors' further training related to corporate governance in 2021 and 2022 ended on the date of publication of the annual report：

Ttitle	Name	Date of study	Organizer	Course title	Training hours
Chairman	YEH, SOU-TSUN	August 5, 2021	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company to strengthen risk management and enhance the sustainable value of the company	3
		September 8, 2021	Taiwan Academy of Banking and Finance	Enterprise digital transformation	3
		November 4, 2021	Accounting Research and Development Foundation of the Republic of China	Legal issues and case studies related to the dispute over the management rights of listed OTC companies	3
		November 10, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture (Issue 125)	3
Director	SU, PAT-HUANG	October 29, 2021	Securities and Futures Institute	The value of information security in the post-epidemic era and the Sino-US trade war	3
		November 19, 2021	Securities and Futures Institute	Discussion on the Practice of Money Laundering Prevention and Combating Capital Terrorism	3
Director	SU, PO-CHEN	September 16, 2021	Securities and Futures Institute	Talking about intellectual property management from the perspective of the board of directors	3
		October 5, 2021	Securities and Futures Institute	Key Technologies and Business Opportunities of Quantum Technology	3
Director	YEH, TSUNG-HAO	September 16, 2021	Accounting Research and Development Foundation of the Republic of China	Practical Analysis of "Sustainability Report" under the Corporate Governance 3.0 Policy	3
		September 23, 2021	Accounting Research and Development Foundation of the Republic of China	Global corporate ESG sustainability trends and management strategies	3
		May,12,2022	Accounting Research and Development Foundation of the Republic of China	Corporate Inheritance and Corporate Governance	3
		May,23,2022	Accounting Research and Development Foundation of the Republic of China	Legal Responsibility and Practical Case Analysis of Trade Secret Protection	3
Director	LIANG, LONG-SHIANG	September 23, 2021	Securities and Futures Institute	Talking about the function of the board of directors from the perspective of enterprise fraud prevention	3
		November 3, 2021	Securities and Futures Institute	110 Annual Prevention of Insider Trading Promotion Conference	3

Ttitle	Name	Date of study	Organizer	Course title	Training hours
Director	SU, EN-PING	October 19, 2021	Accounting Research and Development Foundation of the Republic of China	Use ESG to enhance corporate strategy capabilities and respond to sustainable financial trends	6
Independent Director	LIN, KO-WU	September 1,2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		September 15,2021	Securities and Futures Institute	Discussion on the Compensation of Employees and Directors – Starting with the Amendment to Article 14 of the Securities and Exchange Act	3
Independent Director	YU, NENG-YUAN	September 30,2021	Securities and Futures Institute	The impact and response of the latest tax law changes on Companies operations	3
		October 7, 2021	Securities and Futures Institute	A Case Study of Fraud in Enterprise Financial Statements	3

3.4.3.5 For details of managers' further training related to corporate governance in 2021 and 2022 ended on the date of publication of the annual report：

Title	Name	Date of study	Organizer	Course title	Training hours
Vice President of General Management Division	KUO,SHIH-CHENG	September 2, 2021	The Institute of Internal Auditors-Chinese Taiwan	The Way of Legal Self-protection-How to Face the Investigation and Trial Procedure	6
		September 9, 2021	Accounting Research and Development Foundation of the Republic of China	Analysis of the Application and Legal Liability of "The Law of Business Judgment" in Economic Crime Cases	3
		November 1, 2021	Accounting Research and Development Foundation of the Republic of China	Analyzing the Positive Impact of ESG on Enterprise	3
		May,3,2022	Accounting Research and Development Foundation of the Republic of China	Analysis of the latest corporate governance policies and corporate governance evaluation practices	3
		May,13,2022	Accounting Research and Development Foundation of the Republic of China	Practical examples of crime of breach of trust and analysis of legal liability	3
Vice President of Financial Department	YEN,CHUNG-TZU	October 15, 2021	Institute of Financial Law and Crime Prevention	The Impact of ESG on Enterprise	3
		November 9,2021	Securities and Futures Institute	Corporate Governance 3.0 from the Perspective of Inspection and Adjustment	3
		November 19,2021	Securities and Futures Institute	Analysis of Practical Cases on the Establishment of Directors and Supervisors' Breach of Faith and the Crime of Special Breach of Faith	3
		November 23,2021	Taiwan Corporate Governance Association	From the Perspectives and Voting Behaviors of Foreign Shareholders, Share How Issuers Truly Implement ESG	3
		December 7,2021	Taiwan Academy of Banking and Finance	On the Structure and Inheritance of Family Holding Companies from the Perspective of Governance	3
		April 19.2022	Taiwan Academy of Banking and Finance	Requirements for the Board of Directors of Anti-Money Laundering and Combating Terrorism-related Regulations	3
Assistant Vice President of Accounting Department	CHEN,CI-HUANG	November 11~12, 2021	Accounting Research and Development Foundation of the Republic of China	Continuing Education for Accounting Supervisors	12

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

3.4.4.1 The company established the Compensation Committee on December 23, 2011 and appointed three committee members.

3.4.4.2 Effective date of the 4th-term Compensation Committee： June 24, 2019 to June 23, 2022.

A. Information of Remuneration Committee members：

Title (Note1)	Name (Criteria)	Professional qualifications (Note 1) and experience	Independence situation	Number of members who are concurrently members of the compensation and remuneration committees of other public offering companies
Independent director	OU, YU-LUN (Convener)	● Lin & Ou Law Firm practicing attorney ● Independent director of LEALEA ENTERPRISE CO., LTD. ● Committee Member of LEALEA ENTERPRISE CO., LTD.	(Note 1)	1
Independent director	YU, NENG-YUAN	Served as Deputy Minister of the Taxation Agency, Ministry of Finance.	(Note 1)	0
Independent director	LIN, KO-WU	● Independent director of THE LANDIS TAIPEI HOTEL CO., LTD. ● Independent director of TAH HSIN INDUSTRIAL CO., LTD. ● Former Partner and Director of FIRST UNITED CPA OFFICE.	(Note 1)	2

Note 1： The members of each remuneration committee are independent directors of the Company. For their relevant working experience, professional qualifications and independence, please refer to "Disclosure of Information on Directors' Professional Qualifications and Independent Directors' Independence" on page 16 and "Diversity of Board Members" on page 32 Policy Implementation".

B. Information of Operation Status of Remuneration Committee.

B1. There are 3 members on the Compensation Committee of the company.

B2. The term of office of the 4th-term committee：June 24, 2019 to June 23, 2022 As of The current Compensation Committee (as of February 18, 2022 has met 6 times. (A)) and member qualifications and attendance are as follows：

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	OU, YU-LUN	6	0	100%	None
Committee Member	YU, NENG-YUAN	6	0	100%	None
Committee Member	LIN, KO-WU	6	0	100%	None

B3.Other matters to be recorded

B3.1 If the board meeting does not adopt or amend the recommendations of the Compensation Committee：None.

B3.2 If the members have objections to or reservations on the resolutions of the Compensation Committee, with records or written statements in place：None.

B3.3 The company’s Compensation Committee shall meet at least twice a year and may hold meetings at any time as needed. Its member function is to make recommendations on the salary distribution of company directors and managers from a professional and objective viewpoint, with the salary system, structure and operating performance in compliance with relevant laws and regulations; such recommendations, which shall be submitted to the board meeting for discussion, is very helpful to improve the company’s corporate governance.

B3.4 The responsibilities of the company's Compensation Committee, the principle of performing its responsibilities, and the current compensation structure are as follows：

B3.4.1 Responsibilities

(1)Review this regulation regularly and propose amendments.

(2)Formulate and regularly review the company's directors and managers' annual and long-term performance targets and compensation policies, systems, standards and structures.

(3)Regularly evaluate the compensation of the company's directors and managers.

B3.4.2 When the company’s Compensation Committee performs the responsibilities above, the following principles shall be followed：

(1)Ensure that the company's compensation arrangements comply with relevant laws and regulations and can attract outstanding talents.

(2)For the performance evaluation and compensation of directors and managers, the normal compensation level of the industry should be referred to, while taking into consideration the time devoted, the responsibilities of the individual, the achievement of personal target, the performance in other positions, the compensation of position holders on the same level in the company in recent years, as well as the achievement of the company's short-term and long-term business goals, the company's financial status, etc. to evaluate the rationality of the relationships between personal performance and the company's operating performance and future risks.

(3)Directors and managers should not be guided to engage in behavior beyond the company's risk appetite for the pursuit of compensation.

(4)The ratio of short-term performance growth dividends for directors and senior managers and the payment time of some variable salary compensation should be determined by considering the characteristics of the industry and the nature of the company's business.

(5)The members of this committee shall not participate in the discussion and voting on their personal compensation decisions.

B3.4.3 Current compensation structure

(1)The compensation of the directors and supervisors of the company includes travel fee, attendance fee, remuneration for directors and supervisors, and compensation for their part-time employee work.

(2)The current compensation of the company's managers includes fixed monthly salary, year-end bonus, employee remuneration and supervisor bonus.

B4. In the current salary and remuneration committee (as of February 18, 2022), the company's handling of the opinions of the salary and remuneration committee was submitted to the board of directors for discussion. The key points and resolutions of each meeting are as follows：

Compensation Committee (4th term)				Report to the board meeting (18th session)		
Proposal content	Date	Session No.	Resolution result	Date	Session No.	Handling of opinions of the Compensation Committee
● Review the 2019 year-end bonus and supervisor bonus for the company’s managerial officers and directors who concurrently serve as employees. ● Review the 2020 director compensation. ● Review the 2020 managerial officers compensation.	December 23, 2019	1st session	All members attended and agreed.	January 10, 2020	4th session	Passed without objection.
● Review of the company’s 2019 employee remuneration for managerial officers and director remuneration.	March 9, 2020	2nd session	All members attended and agreed.	March 20, 2020	5th session	Passed without objection.
● Review of the 2020 year-end bonus and supervisor bonus for the company’s managerial officers and directors who concurrently serve as employees. ● Review the 2021 director compensation. ● Review the 2021 managerial officers compensation.	December 17, 2020	3th session	All members attended and agreed.	January 8, 2021	11th session	Passed without objection.
● Review of the company’s 2020 employee remuneration for managerial officers and director remuneration.	March 8, 2021	4th session	All members attended and agreed.	March 8, 2021	12th session	Passed without objection.
● Review of the 2021 year-end bonus and supervisor bonus for the company’s managerial officers and directors who concurrently serve as employees. ● Review the 2022director compensation. ● Review the 2022managerial officers compensation.	December 20, 2021	5th session	All members attended and agreed.	January 7, 2022	17th session	Passed without objection.
● Review of the company’s 2021 employee remuneration for managerial officers and director remuneration.	February 18, 2022	6th session	All members attended and agreed.	March 11, 2022	18th session	Passed without objection.

C. Nomination Committee member information and operation information：

The corporation has not established a nomination committee.

3.4.5 Promoting Sustainable Development Implementation from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Promote Item	Implementation Status			Deviations from “the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish established a governance structure to promote sustainable development, and set up a dedicated (or concurrently) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		(1) Our Company has established the "Sustainable Development Governance Organization", in which the chairperson leads a number of senior management from different fields to jointly formulate a sustainable development plan, and its composition is detailed in the "Sustainability Report". (2)The President's Office is a part-time unit to promote sustainable development and is responsible for establishing and maintaining the sustainable development system, assisting in the formulation (revision) of sustainable development policies, and proposing and assisting in the implementation of relevant management guidelines and specific plans. (3) Its main implementation plans are： sustainable development, pollution reduction, harm prevention, and fulfillment of responsibilities. Relevant information is compiled into a "sustainability report" every year, and the performance of the current year and the goals of the next year are reported to the top management and the board of directors once a year. On May 6, 2011, it reported to the board of directors on the practical operation of sustainable development in 2011.	None
2. Does the Company, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues	✓		Our Company has established operating risk management procedures to evaluate the environmental, social and corporate governance issues related to its operations and to formulate related risk management strategies based on the principle of materiality, with the major risks being：	None

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
related to the Company's operations, and formulate relevant risk management policies or strategies".			tightening of environmental protection regulations, net-zero carbon emissions, employee safety awareness, employee health management, sustainable management, ethical management, and anti-corruption. (Please refer to the "Risk Management Policy" on page 73～74 in the attachment for details)	
3. Environmental issues (1) Does the company establish an appropriate environmental management system according to its industrial characteristics? (2)Does the company committed to improving energy utilization efficiency and using recycled materials with low impact on the environment?	✓ ✓		(1) ① Our Company has introduced ISO 14001 environmental management system and established management measures and procedures since 2013. All plants regularly perform internal audits every year to confirm their effectiveness. Guanyin Plants II, III and IV were certified by a third-party impartial unit in 2014 and are regularly certified. ② The Company has introduced ISO 14064-1 greenhouse gas emission inventory since 2012, which is certified annually by a third-party unit, and will also promote ISO 14067 product carbon footprint in 2022. (2) ① Energy efficiency In order to improve energy efficiency, the Company continues to develop energy saving programs to reduce electricity consumption by at least 1% per year. The Company has installed 2,809.08 kW of solar energy. It will add another 560 kW of solar energy in 2022 in order to increase the proportion of renewable energy, resulting in 3,368.38 kW of solar energy capacity upon completion. ② Environment friendly renewable products In order to implement the	None None

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			environmental policy of resource recycling and reuse, our company produces high-quality recycled products that meet international environment standards. There are 8 production units for 6 products, including Nylon chip, Nylon filament, Draw Textured yarn, and Air-textured yarn, Bottle recycled PET chips, Polyester yarn, and our company continues to obtain third-party certification to do its part for environmental protection. In response to the development trend of environment friendly products, our company started to expand recycled nylon products (through the recycling of spinning mills' own waste yarn and the acquisition of discarded fishing nets through the regeneration process and the integrated spinning process) in order to improve the utilization efficiency of various resources. In 2021, the new Ecocycle Plant start-up, acquired waste bottle flakes as recycled raw materials to produce bottle recycled PET chips. ③ Green products and services Our company establishes the annual recycling plan target in accordance with the environmental policy every year. For the packaging materials used for domestic products, it selects those that can be recycled and reused and account for the bulk (FIBC Bags, Holds Cardboard and Paper Bobbin) for recycling management, and counts the number of recycled packaging materials, the recycling rate and the achievement rate on a monthly basis, and reports the effectiveness of the implementation to the senior management in the quarterly business meeting.	None

<table>
<tr><td rowspan="2">Promote Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Explanation</td></tr>
<tr><td>(3)Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?</td><td>✓</td><td></td><td>(3)Our Company assesses the risks and opportunities of climate change in accordance with the framework of the TCFD proposal published by the Financial Stability Board, and reviews and updates it annually.
The main risks identified are：the increase in the price of greenhouse gas emissions, environmental regulations, and the cost of transforming to a low-carbon economy.
In response to these risks, the Company conducts annual inventories in accordance with the ISO 14064-1 greenhouse gas management system and continuously sets carbon reduction targets.
In order to understand the regulatory requirements in a more timely manner, we introduced the legal compliance cloud system in 2021 to avoid overlooking any relevant regulations and respond and improve in a more timely manner.</td><td>None</td></tr>
<tr><td>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>✓</td><td></td><td>(4)
① Greenhouse gas
Our company has introduced the ISO 14064-1 greenhouse gas management system in 2014 to implement greenhouse gas inventory, and formulate our company's energy-saving, carbon-reduction and greenhouse gas reduction strategy.
Unit：MT；CO_2e
<table>
<tr><td>Year</td><td>2013
(base year)</td><td>2020</td><td>2021</td></tr>
<tr><td>Direct</td><td>40,474.068</td><td>33,378.911</td><td>36,994.751</td></tr>
<tr><td>Indirect</td><td>195,324.209</td><td>134,737.027</td><td>151,731.038</td></tr>
<tr><td>Other Indirect</td><td>0</td><td>20,866.206</td><td>23,895.342</td></tr>
<tr><td>Total</td><td>235,798.276</td><td>188,982.144</td><td>212,621.131</td></tr>
</table>
② Water consumption
<table>
<tr><td>Year</td><td>2020</td><td>2021</td></tr>
<tr><td>Total</td><td>653.193</td><td>695.569</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promote Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>③ Waste
Our Company attaches great importance to waste management, and all waste generated is non-hazardous waste and is cleaned up by qualified vendors.
Unit：MT
<table><tr><td>Year</td><td>2020</td><td>2021</td></tr><tr><td>Total</td><td>1,359.03</td><td>1,762.73</td></tr></table></td><td></td></tr>
<tr><td>4. Social issues
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>(1) In order to protect the basic human rights of our employees and approve and support the “United Nations Universal Declaration of Human Rights”, the “United Nations Global Compact” and other international human rights conventions, and eliminate any violations and infringements of human rights so that our employees can be treated fairly and with dignity, the Company has established this Policy.

(2) Human Rights Policy and Management Program
① Compliance with laws and regulations; Compliance with local labor and environmental laws and regulations in the place where we operate.
② Eliminating unlawful discrimination and ensuring equal work opportunities： The Company does not discriminate or treat our employees unfairly on the basis of race, class, nationality, region, age, disability, gender, marital status, sexual orientation, association, political beliefs, or other personal characteristics.
③ Prohibition of forced labor：
Employees will not be forced to</td><td>None</td></tr>
</table>

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			perform involuntary labor, and there will be complaint channels. ④ Prohibition of child labor：Complying with local law on minimum age and not employing child labor. ⑤ Providing a healthy and safe working environment： Through various preventive measures and protective equipment, and regular education and training on safety, health, and fire prevention, we take the necessary preventive measures to prevent occupational hazards and further reduce the risk factors in the work environment. ⑥ Freedom of association and diversified communication mechanism： We respect the right of employees to form and join various clubs and organizations. In terms of labor-management communication, in addition to regular labor-management meetings, we provide a diversified communication mechanism and platform to ensure a harmonious and win-win labor-management relationship. ⑦ Protection of personal data and information security： We have established comprehensive personal data protection measures to ensure the personal privacy of all customers, employees and stakeholders.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do	✓		(1)Specific program ① Providing instruction on compliance with relevant laws and regulations during pre-employment training for new employees, requiring	None

Promote Item	Implementation Status			Deviations from “the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
business performance or results reflect on employee salaries?			compliance with human rights laws and regulations. ② Providing employees with occupational safety training：Labor safety and hygiene, fire protection, environmental protection, emergency response, etc. ③ Establishing "Sexual harassment preventive measures, complaints and disciplinary measures" to protect employee rights and interests at work and provide a working environment free from sexual harassment, and take appropriate preventive, corrective and punitive measures against sexual harassment. ④ We require our suppliers to sign the "Supplier Commitment Letter", promising to cooperate with ZIG SHENG INDUSTRIAL CO., LTD. to contribute to social welfare, environmental protection, to fulfill the responsibility required by policy and law, and to jointly pursue sustainable corporate development based on the principle of mutual benefit and cooperation.	
	✓		(2) Please refer to the description of the employee benefit system in "Labor-Management Relations" on page 125. ① Employee welfare measures (A) Three-festival and birthday gift money, marriage allowance, funeral allowance, travel vouchers and dinner subsidy, children's scholarships and grants. (B) Labor and health insurance and group accident insurance. (C) Free health check every year.	

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(D) Uniforms for plant personnel every year. (E) The plant provides three meals free of charge, and there are central air-conditioned suite-style dormitories. (F) The plant has an activity center and provides a number of leisure and entertainment facilities. ② Employee leave In compliance with the provisions of the Labor Standards Law and the company's regulations QP-H-03 Practitioners' Work Rules. Employees are entitled to various vacations as required by law. ③ Business performance is reflected in employee compensation (A) Employee compensation a. In accordance with the company's regulations QP-H-14 Year-end Bonus and Employee Compensation Payment Method, disbursed according to the profit status of the current year. b. According to the company's articles of association, if there is a profit in the company's annual final accounts, after retaining the amount to make up the accumulated loss, 2% shall be allocated as employee compensation, which shall be distributed after the	

Promote Item	Implementation Status			Deviations from “the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			resolution of the board of directors. (B) Overall Compensation Policy In terms of salary payment, it is based on long-term stable development, product quality and efficiency, competitiveness in the industry and the company’s ability to pay and consider the degree of price increase and plan the salary adjustment range. (C) Implementation situation a. Remuneration for management and professionals is assessed and evaluated by the management based on the unit contribution and personal work performances distribute project incentives. b. Promotion or salary adjustment based on individual performance to motivate employees. c. Improve business performance to ensure the competitiveness of employees' salary levels. In May 2021, a company-wide salary adjustment was carried out by about 4% to maintain the overall salary competitiveness.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its	✓		(3) Please refer to the description of various employee rights protection measures in "Labor-Management Relations" on page 125. ① From the OHSAS 18001 certification transitioned to ISO	None

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
employees on a regular basis?			45001 Occupational Health and Safety Management System in 2019 and regular verification. ② To strengthen the personnel hazard awareness employees and supervisors in the plant. The course content includes workplace hazard identification and prevention, safety and hygiene practice management, occupational disaster case analysis and advocacy, cardiovascular disease prevention, and training of first-aid personnel in the plant, etc. to enhance the safety behavior and awareness of all employees and reduce the occurrence of occupational disasters. ④ In 2021, there were a total of 4 occupational accidents involving 4 employees, accounting for 0.003% of the total number of employees. Safety publicity and education were strengthened to reduce occupational accidents.	
(4) Does the company provide its employees with career development and training sessions?	✓		(4) In order to cultivate the knowledge and skills of our company's employees and enable them to give full play to their potential in order to improve work quality and performance, there are relevant training methods, personnel qualification management measures and other related measures. The company's actual number of employees participating in on-the-job training in 2021 totaled 7,728 person-times (including internal and external training courses). The implementation status is as follows：	None

Training nature	Training course	Total attendees	Total hours
On-the-job training	Professional training course	2,135	4,953

<table>
<tr><th rowspan="2">Promote Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(5)With regard to issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the Company follow relevant laws and regulations and international standards, and has it formulated relevant consumer and customer protection policies and complaint procedures?</td><td>✓</td><td></td><td>
<table>
<tr><td></td><td>Management training course</td><td>40</td><td>102</td></tr>
<tr><td></td><td>Work safety training course</td><td>5,038</td><td>13,601</td></tr>
<tr><td>Pre-employment training</td><td>Professional training course</td><td>160</td><td>30,628</td></tr>
<tr><td rowspan="4">Pre-employment training</td><td>Professional training course</td><td>0</td><td>0</td></tr>
<tr><td>Management training course</td><td>3</td><td>24</td></tr>
<tr><td>General training course</td><td>138</td><td>264</td></tr>
<tr><td>Work safety training course</td><td>214</td><td>576</td></tr>
<tr><td colspan="2">Total</td><td>7,728</td><td>50,148</td></tr>
</table>
(5) ①Our Company has established a product after-sales service department to proactively check the implementation of various customer policies, receive and handle customer complaints from time to time, and assist front-line business staff in handling customer complaints and protecting customer rights and interests.
②If it is confirmed by facts that the products or services are hazardous to the safety and health of consumers or other stakeholders, we shall, in principle, immediately recall the products or stop the services.</td><td>None</td></tr>
<tr><td>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so,</td><td>✓</td><td></td><td>(6) ① Our company has formulated the supplier management policy as follows：
(A) Quality assurance：Through supplier interviews, on-site evaluations and market data collection, our company can learn about the supplier's quality.
(B) Quantity stabilization：Raw materials are supplied by</td><td>None</td></tr>
</table>

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
describe the results.			multiple manufacturers to maintain supply flexibility and quantity stability. (C) Short lead time：Choosing local and creditable suppliers to ensure punctual delivery and shorten the lead time. (D) Price：More flexible procurement skills and the ability to respond to changes in market prices more quickly are required for purchases to reduce costs under the premise of meeting quality standards. (E) Expectation：When selecting suppliers, suppliers are required to pay attention to the following issues： ● Human rights and social impact. ● Environmental protection：Complying with all applicable environmental protection laws and regulations, ensuring the safe discharge of waste, waste gas and sewage, minimizing the use of non-renewable resources, using all resources efficiently, and reducing the impact on the environment. ● Personnel safety and hygiene： Providing employee with a safe working environment, appropriate training and protection for hazardous machinery and equipment, and complying with relevant labor health and safety regulations. (F) Integrity and morality： ● Avoid dealing with suppliers with dishonest behavior. ● When dealing with suppliers,	

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			explanation needs to be made about our company's integrity management policy, and they should be clearly required not to bribe our company's personnel or provide or receive unfair benefits. If the behavior above is found, proactive reporting to our company is required. ② Implementation status： (A)Suppliers are required to sign a "Supplier Commitment Letter" .In 2021, 72% of suppliers have signed up to comply and promise to comply with the following regulations： a. Maintaining social welfare, including labor and human rights, personnel health and safety, product safety, integrity and ethics. b. Environmental protection. c. Compliance with policies and laws. d. Violation of liability：In case of any violation of the provisions of this undertaking, our company may terminate the transaction contract, and demand compensation if there is any damage. (B)Regularly conduct supplier evaluation, and require suppliers to self-evaluate and then re-evaluate by relevant personnel of the company. The items include whether they have passed ISO9001 and ISO45001 verification.	

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as Sustainability Report ? Do the reports above obtain assurance from a third party verification unit?	✓		The report was compiled in accordance with the GRI 2016 guidelines issued by the Global Reporting Initiative (GRI) and verified by a third-party verification unit (Bsi), and meets the AA1000 V3 TYPE I medium assurance level standard and has obtained the assurance statement.	None

6. Describe the difference, if any, between actual practice and the Sustainable development principles, if the company has implemented such principles based on the Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies：

The company formulated the "Code of Practice for Corporate Social Responsibility" on November 6, 2020. In May 2022, the Board of Directors changed its name to "Code of Practice for Sustainable Development" and regularly reported to the Board of Directors on the company's annual implementation and operation. There is no difference between the operating conditions and the set code.

7. Other useful information for explaining the status of sustainable development practices：

(1) Environmental protection：

As a member of the global village, our company continues to promote relevant environmental protection measures. In order to implement the environmental policy of greenhouse gas carbon management, the greenhouse gas emission of our company's plants has been checked since 2012. In 2021, the total emission is reduced for tenth year in a role, and the carbon dioxide equivalent（CO_2e）is 23,638.987 metric tons. Since our company's introduction of Global Recycled Standard（GRS） in 2015 to produce environment-friendly nylon products, In 2019,in addition to the existing products, nylon filament yarn and nylon textured yarn, this year nylon chip products made of self-owned waste

Promote Item	Implementation Status			Deviations from "the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

yarn and purchased waste fishing nets as raw materials are added. In 2021, the new Ecocycle Plant start-up, acquired waste bottle flakes as recycled raw materials to produce bottle recycled PET chips. The products have been certified by IDFL to expand the field of environment- friendly products and achieve the purpose of resource recycling and reuse with a positive attitude.

Energy saving is the consistent goal of our company. With the efforts of various departments, the average annual energy saving rate from 2015 to 2021 is 1.13%, and the power saving performance approximately 1,840,000 kWh, and the cumulative power saving performance from 2015 to 2021 reached 10.07%, showing that our company has achieved remarkable results in energy conservation. Our company will continue to work hard in the future and stride toward the high energy-saving goal.

(2)Social contribution：

For disadvantaged families, in 2021 our company helped set up factory teaching classes（in cooperation with the University of Science and Technology）and provides salary and study subsidies（see below）, so that students can learn to be independent and obtain employment while studying.

Unit	Object	Number of people
National Yunlin University of Science and Technology	College students	20
National Chin-Yi University of Technology	College students	24

Risk Management Policy

The Company shall, in accordance with the principle of materiality, conduct risk assessments on environmental, social and governance issues related to the Company's operations, and formulate relevant risk management policies or strategies in accordance with the "Operational Risk Management Procedures".

Major Issues	Risk Assessment Items	Risk Policy or Strategy
Environment	Environmental Policy ● Tightening of environmental regulations ● Zero carbon emissions	The Company is committed to energy conservation and carbon reduction, industrial waste reduction, pollution prevention, and resource recycling and reuse. 1. The Company follows the ISO 14001 Environmental Management System Standard to assess environmental risks every year, and sets environmental goals and management plans to eliminate or control risks. 2. The Company follows the ISO 14064-1 Greenhouse Gas Inventory System Standard to conduct inventory checking and formulate energy-saving plans to reduce electricity consumption by at least 1% every year. In order to implement environmental protection and develop green energy, the Company will continue to promote the installation of solar power generation equipment. 3. Promoting ISO 14067 product carbon footprint inventory to enable management to make carbon reduction plans and measure investment benefits based on quantitative data, in line with the green trend of international regulations, and also strengthening the overall textile supply chain towards low carbon and net-zero. 4. In response to the green trend of domestic regulations and the launch of the international carbon tariff, the Company has obtained the reduction credits through the carbon reduction project, which are certified and issued by government agencies, in order to reserve the Company's energy for the carbon trading market.
Social	Occupational Safety Policy ● Employee safety awareness ● Employee health management	The Company aims at zero disasters and has passed the ISO 45001 Occupational Health and Safety Management System certification. 1. To prevent hazards, the Company provides a safe environment for high-risk operations and equipment, and provides personnel with necessary occupational health and safety training in a timely manner. 2. In order to promote occupational health, the Company conducts an annual health check and plans appropriate health promotion activities. 3. The Company invites contractors to participate in the organization meeting of the agreement every year to share industrial safety experience and provide relevant safety training to enhance the group's awareness of safety and health, and thereby reduce the occurrence of occupational accidents.

Major Issues	Risk Assessment Items	Risk Policy or Strategy
Governance	Socioeconomic and legal Compliance ● Sustainable management ● Ethical management	1. In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company has formulated its " " Corporate Governance Best Practice Principles as the basis for corporate governance. Through the establishment of a governance organization and implementation of an internal control mechanism, all personnel and operations are indeed in compliance with relevant laws and regulations. 2. The Company follows the provisions of the "Corporate Sustainable development Best Practice Principles" and "Corporate Sustainable development Management System" to ensure timely and correct disclosure of corporate sustainable development related information. Perform corporate sustainable development, and promote the balance between economy and environmental ecology as well as the progress of the society, in order to achieve the goal of sustainable development. 3. In accordance with the "Ethical Corporate Management Best Practice Principles" and ", "Procedures for Ethical Management and Guidelines for Conduct" the Company shall formulate ethical corporate management policies and establish good corporate governance and risk control mechanisms based on the business philosophy of integrity, transparency and responsibility, in order to create a sustainable business environment.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1) ① Based on the business philosophy of integrity, transparency and responsibility, our company has formulated the "Ethical Corporate Management Best Practice Principles" and clearly defined in it the ethical corporate management policy as follows： "Based on the principles of fairness, honesty, trustworthiness and transparency of business activities, our company staff is prohibited from engaging in unethical behavior" and approved by the board of directors. ② When our company communicates with the supplier, the "Order Notice" provided to the supplier contains our company's "Ethical Corporate Management Best Practice Principle" and a statement prohibiting unethical behavior, and the supplier is required to sign a "Supplier Commitment Letter" to follow our company's ethical corporate management best practice principle. ③ All the directors and senior management of our company realize that unethical behavior is our company's core value, agree to follow our e company's "Ethical Corporate Management Policy", jointly signed the "Statement of Compliance with Ethical	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Corporate Management Policy" and will implement it	
(2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) Our company has formulated the “Ethical Corporate Management Operation Procedures and Behavior Guidelines". Article 5 of it contains an unethical behavior prevention plan formulated for business activities assessed and analyzed to have a higher risk of unethical behaviors, and the content covers prevention measures against various behaviors in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" (please refer to Article 5 of the "Ethical Corporate Management Operation Procedures and Behavior Guidelines").	None
(3)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3) Our company has formulated the "Ethical Corporate Management Operation Procedures and Behavior Guidelines", which clearly contains the operating procedures and behavior guidelines of the plan against unethical behavior, as well as the system of punishment for violations and complaint (please refer to Article 9 of the Operation Procedures and Behavior Guidelines); the aforementioned plan is implemented and regularly reviewed and revised.	None
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) ①External promotion When signing a contract with a supplier, o company will explain our company's ethical corporate management policy to the transaction counterparty and	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			require them to sign a " Supplier Commitment Letter ", requesting that giving or taking bribery and the provision or acceptance of improper benefits are prohibited when dealing with our company. In case of violation of the regulations, our company may suspend or terminate the transaction contract and have the right to demand compensation for damages. ②When our company communicates with the supplier, the "Order Notice" provided to the supplier contains our company's "Ethical Corporate Management Policy" and a statement prohibiting unethical behavior.	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2) ①In order to improve our company's ethical corporate management, the President's Office of our company is a dedicated unit responsible for the formulation, supervision and implementation of policies and prevention plans, and reports to the board of directors at least once a year. ② On November 5, 2021, it reported to the board of directors the Ethical Corporate Management Policy, plan for preventing unethical behavior, and supervision and implementation status as follows： (A) Statement of Ethical Corporate Management Policy (B) Description of Plan for preventing unethical behavior, (C)Training and promotion of	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			integrity and ethics	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) Our company has formulated a policy in Article 19 of the "Ethical Corporate Management Best Practice Principle" to prevent conflicts of interest： ① For the directors, managers and other interested parties of our company present at the board meeting either with or without voting rights, if they or the legal persons they represent have a personal interest in the proposals of the board meeting, they shall explain the important content of their interest at the current board meeting; if it is harmful to the interests of our company, they shall avoid participating in the discussion or voting, and shall not act for other directors to exercise their voting rights. Directors shall also be self-disciplined and shall not to support each other in improper deeds. If a director's spouse or second-tier relative, or a company in which the director has a controlling interest, has a personal interest in the proposal of the board meeting, then the director shall be regarded as having a personal interest in the proposal. ②The staff of our company shall not use their position or influence in our company to obtain illegitimate benefits for themselves, their spouses, parents, children or anyone else.	None
(4) Does the company have effective accounting and	✓		(4) Our company formulates an internal audit plan based on the results of the	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?			risk assessment, and the internal audit unit implements various audit operations according to the plan. When special circumstances occur, additional special inspections will be arranged.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) ① In 2021, our company conducted training on ethical corporate management for a total of 30 internal managers. ② External propaganda (A) When the company signs a contract with a supplier, it shall explain the company's integrity management policy to the transaction partner and require them to sign a "supplier commitment letter", requesting that bribery or bribery and the provision or acceptance of improper benefits are prohibited when dealing with the company. In case of violation of the regulations, the company may suspend or terminate the transaction contract and have the right to demand compensation for damages. (B) When the company communicates with suppliers, the "Order Notice" provided by the supplier contains the company's "Integrity Management Policy" and a	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			statement prohibiting dishonest behavior.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1) ①Our company has established a whistleblowing and reward system, as detailed in Article 23：Whistleblowing System of our company's "Ethical Corporate Management Best Practice Principle". ② Our company has established and announced an internal independent whistleblowing mailbox and dedicated line on our company website for internal and external personnel to use. ③ If there is any whistleblowing, the President's Office responsible for ethical corporate management shall assign a dedicate person in accordance with the prescribed procedures..	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(2) Our company has formulated standard investigation procedures and the related confidentiality mechanism for the acceptance of whistleblowing. (Please refer to Article 23 of our Company's Ethical Corporate Management Best Practice Principle)	None
(3) Does the company provide proper whistleblower protection?	✓		(3) ① Article 23：Whistleblowing System of our company's "Ethical Corporate Management Best Practice Principles" clearly stipulates that our company's relevant personnel handling whistleblowing shall declare, in writing, that the identity of the	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>whistleblower and the content of the whistleblowing are confidential, and anonymous whistleblowing is allowed. Our company also promises to protect whistleblowers from improper treatment due to whistleblowing.
② On our company's website regarding the whistleblowing channel, it is also clearly stated that our company will keep confidential the identity of the whistleblower and the content, will investigate and deal with the matter as soon as possible, and will prevent improper disposal due to the whistleblowing.</td><td></td></tr>
<tr><td>4. Strengthening information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>✓</td><td></td><td>Our company is planning to disclose its "Ethical Corporate Management Best Practice Principle" on the corporate website, and there is a dedicated person responsible for our company's information at all times and disclosing and updating it when necessary.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
There have been no differences.
Our company revised the “Ethical Corporate Management Best Practice Principles of our Company” based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, and has it passed by the board meeting on March 20, 2020. There is no difference between the operation and the established principles.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).
In order to implement the ethical corporate management policy, our company has formulated the "Ethical Corporate Management Operation Procedures and Behavior Guidelines" on October 20, 2020.
Formulated main points as follows ：
(1) Establishment of the "Ethical Corporate Management Operation Procedures and Behavior Guidelines” prevention program.
① Prohibition of offering and accepting bribes or improper benefits.
② Procedures for handling political contributions.
③ Procedures for handling charitable donations and sponsorships.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
④ Prevention of conflict of interest (recusal due to conflict of interest). ⑤ Prevention of infringement of intellectual property rights. ⑥ Prevention of unfair competition. ⑦ Prevention of products or services from harming consumers or other stakeholders. (2) Whistleblower reporting system. (3) Training and promotion of integrity and ethics.				

3.4.7 Corporate Governance Guidelines and Regulations

(Inquiry method：MOPS\Corporate governance\Formulation of relevant procedures and rules for corporate governance).

Corporate Governance Regulations	(Revised) Fixed Date
• Code of Practice on Corporate Governance	March 11, 2022
• Integrity Management Code	March 20, 2020
• Integrity Management Operating Procedures and Behavior Guidelines	October 20, 2020
• Code of Ethical Conduct	August 7, 2020
• Code of Practice for Sustainable Development (Former Code of Practice for Corporate Social Responsibility)	May 6, 2022
• Measures for the Evaluation of the Board's Performance	January 7, 2022

3.4.8 Other Important Information Regarding Corporate Governance

3.4.8.1 The company has formulated the "Management Regulations for Preventing Insider Trading" as the basis for the company's major information processing and disclosure mechanism, and reviews the regulations from time to time to meet current laws and regulations and practical management needs.

3.4.8.2 The regulations are also announced in the internal document management system for managers and employees to consult at any time, and the company's important internal information and matters for precautions are also announced from time to time.

3.4.9 Disclosures relating to the execution of internal control policies

3.4.9.1 Internal Control system Statement：

Declaration of internal control system of public offering company
Indicates that both design and execution are effective
(This statement is applicable when all laws and regulations are declared in compliance with laws and regulatio)

ZIG SHENG INDUSTRIAL CO., LTD.

Statement of Internal Control System

Date: March 11, 2022

According to the Company's internal control policy, The following statement had been made based on the results of self-assessment in 2021：

1. The Company acknowledges and understands that it is the Board of Directors' and the management team's responsibility to establish, implement, and sustain an internal control system, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and compliance of relevant regulations and relevant laws etc.
2. The internal control system has inherent limitations, no matter how comprehensively it is well-designed. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, self-supervision measures were embedded within the internal control system and it is able to facilitate immediate rectification once flaws have been identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Control procedures, 4. Information and communication, 5. Supervision activities. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
5. Based on the assessments described above, the Company considered the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of the Company's subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This Statement constitutes a part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Company's board of Directorson March 11, 2022. None of the 10 board directors present to the meeting held any objections, and unanimously agreed to the contents of this Statement.

ZIG SHENG IND. CO., LTD.

Chairman： Yeh, Sou-Tsan Signature

President： Bay Su Signature

3.4.9.2 If the internal control policy was reviewed by an external auditor, the result of such review must be disclosed：None.

3.4.10 Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken：None.

3.4.11 Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year up until the publication date of this annual report：

3.4.11.1 Important Resolutions of the General Meeting of Shareholders and Implementation Status：

(Originally scheduled for June 25, 2021, due to the COVID-19 epidemic, it was postponed to July 23, 2021 according to the regulations of the competent authority)

Resolutions of attending shareholders	Execution Status
1. Recognize the 2020 annual business report and financial statement. 2. Recognize the 2020 annual profit distribution proposal (NT$0.1 per share). 3. The case of distributing cash dividends from capital reserves (NT$0.2 per share). 4. Approved some amendments to the company's "Director Election Measures".	1. The minutes of the shareholders' meeting have been uploaded to the Public Information Observatory on July 26, 2021. 2. Cash dividend, NT$0.3 per share (surplus NT$0.1, capital reserve NT$0.2) A total of NT$159,506,514 was issued, The ex-dividend base date is August 17, 2021, The cash dividend payment date is September 8, 2021. 3. On July 23, 2021, the "Director Election Method" completed the reporting of corporate governance related rules and updated the company's website information simultaneously.

3.4.11.2 Major resolutions made by the Board of directors' Meeting：

Date	Major resolutions
January 8,2021	Discussion ----- 1. The 2019 year-end bonus and supervisor bonus payment standard for managers and concurrently employees of the company. 2. The payment standard of the company's directors' remuneration in 2021. 3. The payment standard of the company's managers' remuneration in 2021.
March 26,2021	The 8th audit committee review report of the first session. Audit report ----- Work report from November 2020 to February 2021. Financial report ----- (1) The company's 2020 annual performance evaluation report of the board of directors. (2) Derivatives operation and financial status report. Discussion ----- 1. Approved the 2020 Internal Control System Statement. 2. Amendment of the Company's internal control system. 3. To consider the 2020 employee compensation and director compensation distribution proposal.

Date	Major resolutions
	4. Review the 2020 individual and consolidated financial reports of the company. 5. Review the independent assessment of certified accountants and the appointment and remuneration of 2020. 6. Revise the Company's [Director Election Method]. 7. To consider the 2020 surplus distribution proposal. 8. Discuss the case of issuing cash dividends from capital reserves. 9. Determining the date, place and agenda of the 2021 Annual General Meeting of Shareholders (Friday, 6/25) 10. Decide on the period, premises and other related matters for accepting shareholders' proposals at the 2021 Annual General Meeting of Shareholders.
May 7,2021	The 9th audit committee review report of the first session. Audit report ----- Work report from March to April 2021. Financial report ----- including derivatives operation, financial status report. Matters to be discussed ----- In accordance with the regulations of the competent authority, a corporate governance supervisor shall be established.
July 1,2021	Financial report ----- The company has listed the notices in the announcement for many times and listed the disposal stocks for the second time on June 3 and June 24 respectively. Matters to be discussed ----- In response to the new crown pneumonia, the shareholders' meeting was postponed according to regulations, and the date of the 2021 annual shareholders' meeting was re-set.
August 6,2021	The 10th audit committee review report of the first session. Audit report ----- May to July work report in 2021 ,the company's directors, supervisors and important staff liability insurance renewal report. Accounting report ----- 2Q2021 financial report. Financial report ----- including derivatives operation, financial status report. Items to discuss ----- None.
November 5,2021	The 11th Audit Committee Review Report of the First Session Audit report ----- August to October work report in 2021. President's Office ----- Implement the implementation report on the integrity of the business situation. Accounting report ----- 3Q2021 financial report. Financial report ----- including derivatives operation, financial status report. Items to be discussed ----- 1. The 2022 annual audit plan of the Republic of China. 2. Revise the company's internal control system. 3. Revise the performance evaluation method of the Board of Directors of the Company.
January 7,2022	Discussion ----- 1. 2021 year-end and supervisor bonus payment standards for managers and concurrently employees of the company. 2. The payment standard of the company's directors' remuneration in 2022. 3. The payment standard of the company's managers' remuneration in 2022 4. The accountant's change case. 5. Revise the performance evaluation method of the Board of Directors of the Company.

Date	Major resolutions
March 11,2022	The 13th audit committee review report of the first session. Audit report ----- Work report from November 2021 to February 2022. Accounting report ----- In order to apply the new regulations of the stock exchange and prepare the financial information for the year 2022, the company has completed the improvement and identification requirements notified by the stock exchange. Business report ----- The general manager reports annual business report in 2021. Financial report ----- (1) The company's annual corporate governance strengthening work report in 2021. (2) The company's performance evaluation report of the board of directors in 2021. (3) Derivatives operation, financial status report. Discussion ----- 1. Review the Annual Internal Control System Statement in 2021. 2. Amend the company's corporate governance code of practice. 3. To consider the 2021 annual staff remuneration and directors' remuneration distribution proposal. 4. Review the individual and consolidated financial reports of the company in 2021. 5. Review the independent assessment of certified accountants and the appointment and remuneration in 2022. 6. Review the surplus distribution proposal in 2021. 7. It is proposed to comprehensively improve directors and lift the restriction on conscientiousness of new directors. 8. To determine the date, place and agenda of the 2022 Annual General Meeting of Shareholders. (6/8 Wednesday) 9. Review and accept matters related to shareholders' nomination of director candidates. 10. Reviewing and accepting relevant matters such as the period and premises of shareholders' proposals at the 2022 shareholders' meeting.
April 21, 2022	Financial report ----- (1) Proposal for the 111 Annual General Meeting of Shareholders holding more than 1% of the shares： none. (2) Candidates for directors nominated by shareholders holding more than 1% of the shares： none. (3) Candidates for independent directors nominated by shareholders holding more than 1% of the shares： none. Matters to be discussed ----- The list of candidates for ten directors (including three independent directors) of the 19th session of the Company was resolved.
May 6, 2022	The 14th Audit Committee Review Report of the First Session Audit report -------- Work report from March to April 2022. General Manager's Office Report -----The Operation of Corporate Social Responsibility in 2021 Annual Report. Corporate Governance Office Report --- 2021-year corporate governance evaluation results report. Matters to be discussed --------- 1. Amendment of the Company's "Code of Corporate Social Responsibility" and its name change to "Code of Practice for Sustainable Development" 2. Reviewed the first quarter financial report of the Company in 2022.

3.4.12 Documented opinions or written statement made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report：None.

3.4.13 Resignation or discharge of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report：

The company's accounting supervisor was adjusted on January 7, 2022, and the new accounting supervisor, CHENG, CHIU-YUEH, Manager of Accounting Department,

CHEN,CI-HUANG, the former Assistant Vice President of Accounting Department, retired on February 28, 2022.

February 28, 2022

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Assistant Vice President of Accounting Department	CHEN,CI-HUANG	September 16, 1998	February 28, 2022	Retirement

3.5 Information on the professional fees of the attesting CPAs (external auditors)

Name of CPA firm	Name of CPA	Accountant's review period	Audit fee	Non-audit fees	Total	Remark
Crowe (TW) CPAs	HSIAO, YING-CHIA	January 1, 2021 to December 31, 2021	1,990	63	2,053	●Certify duty files of dual-status business entities ●Registration of decrease capital amount with treasury stock ●Salary information of full-time non-managerial employees ●Subsidiary data translation and certification
	LIN, CHIH-LUNG	January 1, 2021 to December 31, 2021				

3.5.1 The content of the amounts of both audit and non-audit fees and the details of the non-audit services for non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid：None.

3.5.2 When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed：None.

3.5.3 When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees：None.

3.6 Information regarding Change of CPA

Change of accountants in the last two years and later periods：

3.6.1 Information relating to the former CPAs：

<table>
<tr><td>Replacement Date</td><td colspan="3">March 17, 2021</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Due to internal restructuring at Crowe (TW) CPAs, Formerly HSIAO, YING-CHIA and LIN, MEI-LING accountants changed to HSIAO, YING-CHIA and LIN, CHIH-LUNG .</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td>Parties
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Remarks/specify details：</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="3">None</td></tr>
</table>

3.6.2 Information relating to the successor CPAs：Not applicable.

3.6.3 Replay of former auditor to item 1 and item 2-3 of Subparagraph 6 of Article 10 of these Regulations：None.

3.7 The Company's chairman, president or managers in charge of finance and accounting operations, who holds any positions within the CPA firm or its affiliates in the most recent year, the name, job title and the employment period at the independent audit firm or its affiliates：None.

3.8 Transfer or pledge of stock rights of directors, supervisors, managers, shareholder with a stake of more than 10 percent in the most recent fiscal year and up till the publication date of this annual report.

Unit：Shares

Title	Name	2021		As of April 9, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	YEH, SOU-TSUN	0	0	0	0
Director and President	SU, PAT-HUANG	0	0	0	0
Director	YI SHENG INVESTMENT CO., LTD.	0	0	0	0
Representative of corporate director	SU, CING-YUAN	0	0	0	0
Director and Vice President of Chemical Materials Business Division	YEH, TSUNG-HAO	0	0	0	0
Director and Senior Vice President	LIANG, LONG-SHIANG	0	0	0	0
Director	SU, EN-PING	0	0	0	0
Director	SU, PO-CHEN	0	(2,200,00)	0	0
Independent director	OU, YU-LUN	0	0	0	0
Independent director	YU, NENG-YUAN	0	0	0	0
Independent director	LIN, KO-WU	0	0	0	0
Vice president of the Ministry of Works and Plant Management Office	YOU, CONG-JHIH	0	0	0	0
Plant manager of Nylon Polymerization Plant	ZENG, YU-CI	0	0	0	0
Vice President of Fiber Business Division	YE, PI-LU	0	0	0	0
Vice President of General Management Division	KUO, SHIH-CHENG	0	0	0	0
Vice President of Financial Department	YEN, CHUNG-TZU	0	0	0	0
Assistant Vice President of Accounting Department (Note 3)	CHEN, CI-HUANG	0	0	0	0
Manager of Accounting Department (Note 3)	CHENG, CHIU-YUEH	0	0	0	0
Assistant Vice President of R&D Center	LIN,YU-TANG	0	0	0	0
Assistant Vice President of Fiber Business Division	LIN,CHING-CHUAN	0	0	0	0

Note 1：There are no major shareholders holding more than 10% of the shares.
Note 2：The counterparty of the equity transfer or equity pledge is the related party：None.
Note 3：The company's accounting supervisor was adjusted on January 7, 2022, and the new accounting supervisor, CHENG, CHIU-YUEH, Manager of Accounting Department, CHEN,CI-HUANG, the former Assistant Vice President of Accounting Department, retired on February 28, 2022.
Note 4： LIN,CHING-CHUAN took office on April 1, 2021..

3.9 Information on the top ten shareholders with shareholding ratio who are related persons, spouses, second parents, etc.

April 10, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
SU,CING-YUAN, Representative of YI SHENG INVESTMENT CO., LTD.	52,783,760	9.93%	0	0	0	0	SU,CING-YUAN	Chairman	Director of the company
							SU, PAT-HUANG	Director	
SU, CING-YUAN	26,912,389	5.06%	25,000	0	0	0	SU, PAT-HUANG	Brothers	Representative of corporate director of the company
					6,000,000	1.13%	YI SHENG INVESTMENT CO., LTD.	Chairman of the company	
					10,000,000	1.88%	Qiang You Sheng Co., Ltd.	Supervisor of the company	
SU, PAT-HUANG	27,160,455	5.11%	116,543	0.02%	0	0	SU,CING-YUAN	Brothers	Director and President of the company
					6,000,000	1.13%	YI SHENG INVESTMENT CO., LTD.	Director of the company	
					10,000,000	1.88%	Qiang You Sheng Co., Ltd.	Director of the company	
HOU, SHENG-YUAN, Representative of QIANG YOU SHENG Co., Ltd.	20,000,000	3.76%	0	0	0	0	SU, PAT-HUANG	Director	None
							SU,CING-YUAN	Supervisor	
YEH, SOU-TSUN	19,692,945	3.70%	10,579,054	1.99%	0	0	YEH LAN, SU-CHIN	Spouse	Chairman of the company
							YEH, TSUNG-HAO	Father and son	
JHANG,BING-RONG, Representative of SHUO CYUAN CO., LTD.	18,441,176	3.47%	0	0	0	0	None	None	None
YEH, TSUNG-HAO	12,492,312	2.35%	48,033	0.01%	0	0	YEH, SOU-TSUN	Father and son	Director of the company
							YEH LAN, SU-CHIN	Mother and son	
							YEH, YU WUNG	Older sisters and younger brothers	
YEH, LAN SU-CHIN	10,579,054	1.99%	19,692,945	3.70%	0	0	YEH, SOU-TSUN	Spouse	
							YEH, TSUNG-HAO	Mother and son	
							YEH, YU WUNG	Mother and daughter	
SU, CING-LANG	8,590,154	1.62%	4,563,505	0.75%	0	0	None	None	None
YEH, YU WUNG	7,524,337	1.42%	0	0	0	0	YEH, SOU-TSUN	Father and daughter	None
							YEH, LAN SU-CHIN	Mother and daughter	
							YEH, TSUNG-HAO	Older sisters and younger brothers	

3.10 The number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, and the consolidated shareholding ratio is calculated

Unit：shares/ %；As of March 31 2022

Affiliated Enterprises (Investment using the equity method)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ZIS Holding Co.,Ltd.in Republic of Mauritius	5,400,000	100.00	0	0	5,400,000	100.00
Nicest Int'L Trading Corp. in Independent State of Samoa	300,000	100.00	0	0	300,000	100.00
Ding Sheng Material Technology Co., Ltd. in Taiwan	1,500,000	100.00	0	0	1,500,000	100.00

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1.1 Issued Shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousands)	Amount (NT$ thousands)	Shares (thousands)	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1969.08	10,000	1,600	16,000	1,600	16,000	Registration	None	None
1987.12	10	19,604	196,040	19,604	196,040	None	None	None
1991.11	10	42,808	428,080	42,808	428,080	1	None	None
1992.06	10	90,000	900,000	61,643	616,435	2	None	None
1993.08	10	90,000	900,000	75,821	758,215	3	None	None
1994.04	10	90,000	900,000	90,000	900,000	4	None	None
1994..07	10	160,000	1,600,000	108,000	1,080,000	5	None	None
1995.06	10	160,000	1,600,000	129,600	1,296,000	6	None	None
1996.07	10	160,000	1,600,000	149,040	1,490,400	7	None	None
1996.12	10	330,000	3,300,000	190,000	1,900,000	8	None	None
1997.09	10	330,000	3,300,000	280,000	2,800,000	9	None	None
1998.06	10	550,000	5,500,000	336,000	3,360,000	10	None	None
1999.07	10	550,000	5,500,000	383,040	3,830,400	11	None	None
2000.08	10	600,000	6,000,000	406,022	4,060,224	12	None	None
2003.08	10	600,000	6,000,000	422,263	4,222,633	13	None	None
2004.08	10	600,000	6,000,000	439,153	4,391,538	14	None	None
2005.09	10	600,000	6,000,000	472,090	4,720,903	15	None	None
2007.08	10	600,000	6,000,000	480,588	4,805,880	16	None	None
2008.09	10	600,000	6,000,000	489,239	4,892,386	17	None	None
2009.04	10	600,000	6,000,000	482,116	4,821,166	18	None	None
2010.09	10	600,000	6,000,000	489,348	4,893,483	19	None	None
2011.09	10	600,000	6,000,000	518,709	5,187,092	20	None	None
2012.05	10	600,000	6,000,000	599,709	5,997,092	21	None	None
2012.08	10	800,000	8,000,000	605,706	6,057,063	22	None	None
2013.09	10	800,000	8,000,000	611,763	6,117,634	23	None	None
2020.07	10	800,000	8,000,000	578,000	5,780,004	24	None	None
2020.11	10	800,000	8.000.000	550,001	5,550,013	25	None	None
2021.01	10	800,000	8,000,000	531,688	5,316,883	26	None	None

Remark	Source of capital (NT$)						Department of Commerce, MOEA Approval number
1、	Cash capital increase	36,000,000	Capitalization of earnings	196,040,000			JING(1991)-SHANG-ZIH No. 126830
2、	Capitalization of earnings	149,828,000	Additional paid-in capital	38,527,200			JING(1992)-SHANG-ZIH No. 111910
3、	Capitalization of earnings	141,780,100					JING(1993)-SHANG-ZIH No. 114797
4、	Cash capital increase	141,784,700					JING(1994)-SHANG-ZIH No. 106616
5、	Capitalization of earnings	180,000,000					JING(1994)-SHANG-ZIH No. 111110
6、	Capitalization of earnings	108,000,000	Additional paid-in capital	108,000,000			JING(1995)-SHANG-ZIH No. 108398
7、	Capitalization of earnings	64,800,000	Additional paid-in capital	129,600,000			JING(1996)-SHANG-ZIH No. 112973
8、	Cash capital increase	409,600,000					JING(1996)-SHANG-ZIH No. 122254
9、	Cash capital increase	520,000,000	Capitalization of earnings	190,000,000	Additional paid-in capital	190,000,000	JING(1997)-SHANG-ZIH No. 118953
10、	Capitalization of earnings	280,000,000	Additional paid-in capital	280,000,000			JING(1998)-SHANG-ZIH No. 116419

Remark	Source of capital (NT$)						Department of Commerce, MOEA Approval number
11、	Capitalization of earnings	201,600,000	Additional paid-in capital	268,800,000			JING(1999)-SHANG-ZIH No. 129189
12、	Capitalization of earnings	172,368,000	Additional paid-in capital	57,456,000			JING(2000)-SHANG-ZIH No. 089127894
13、	Capitalization of earnings	162,408,000					JING-SHOU-SHANG-ZIH No. 0920125250
14、	Capitalization of earnings	126,678,990	Additional paid-in capital	42,226,330			JING-SHOU-SHANG-ZIH No. 09301156140
15、	Capitalization of earnings	329,365,370					JING-SHOU-SHANG-ZIH No. 09401177070
16、	Capitalization of earnings	84,976,260					JING-SHOU-SHANG-ZIH No. 09601239900
17、	Capitalization of earnings	86,505,840					JING-SHOU-SHANG-ZIH No. 09701243000
18、	Decrease in treasury stokck	71,200,000					JING-SHOU-SHANG-ZIH No. 09801065890
19、	Capitalization of earnings	72,317,490					JING-SHOU-SHANG-ZIH No. 09901218930
20、	Capitalization of earnings	293,609,000					JING-SHOU-SHANG-ZIH No. 10001194830
21、	Capitalization of earnings	810,000,000					JING-SHOU-SHANG-ZIH No. 10101083150
22、	Capitalization of earnings	59,970,930					JING-SHOU-SHANG-ZIH No. 10101171260
23、	Additional paid-in capital	60,570,630					JING-SHOU-SHANG-ZIH No. 10201191360
24、	Decrease in treasury stokck	337,630,000					JING-SHOU-SHANG-ZIH No. 10901120120
25、	Decrease in treasury stokck	279,990,000					JING-SHOU-SHANG-ZIH No. 10901205850
26、	Decrease in treasury stokck	183,130,000					JING-SHOU-SHANG-ZIH No. 11001014500

4.1.1.2. Type of Stock

April 10, 2022

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	531,688,380	268,311,620	800,000,000	None

4.1.2 Status of Shareholders

April 10, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	68	46,714	93	46,875
Shareholding (shares)	0	0	112,388,505	404,398,153	14,901,722	531,688,380
Percentage	0.00%	0.00%	21.14%	76.06%	2.80%	100.00%

4.1.3 Shareholding Distribution Status

Common Shares Par value per share NT$10

April 10, 2022

Class of Shareholding (Unit： Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	13,585	2,409,312	0.45%
1,000 ~ 5,000	24,422	54,257,093	10.21%
5,001 ~ 10,000	4,596	37,786,461	7.11%
10,001 ~ 15,000	1,253	16,094,903	3.03%
15,001 ~ 20,000	1,012	19,205,658	3.61%
20,001 ~ 30,000	792	20,713,523	3.90%
30,001 ~ 40,000	322	11,713,950	2.20%
40,001 ~ 50,000	251	11,942,959	2.25%
50,001 ~ 100,000	364	26,391,353	4.96%
100,001 ~ 200,000	153	22,327,413	4.20%
200,001 ~ 400,000	45	12,350,772	2.32%
400,001 ~ 600,000	34	17,003,612	3.20%
600,001 ~ 800,000	7	4,978,437	0.94%
800,001 ~ 1,000,000	3	2,800,171	0.52%
1,000,001 or over	36	271,712,763	51.10%
Total	46,875	531,688,380	100.00%

4.1.4 List of Major Shareholders

April 10, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
YI SHENG INVESTMENT CO., LTD.	52,783,760	9.93%
SU, PAT-HUANG	27,160,455	5.11%
SU, CING-YUAN	26,912,389	5.06%
QIANG YOU SHENG Co., Ltd.	20,000,000	3.76%
YEH, SOU-TSUN	19,692,945	3.70%
SHUO CYUAN CO., LTD.	18,441,176	3.47%
YEH, TSUNG-HAO	12,492,312	2.35%
YEH, LAN SU-CHIN	10,579,054	1.99%
SU, CING-LANG	8,590,154	1.62%
YEH, YU WUNG	7,524,337	1.42%

4.1.5 Market Price , net value, Earnings, Dividend per Share and relevant information for the last two years：

Unit：NT$

Items			2020	2021	Year-to-date March 31, 2022(Note 5)
Market Price Per Share	Highest		12.45	28.70	17.20
	Lowest		4.44	8.68	14.85
	Average		7.78	17.40	15.96
Net worth Per share	Before distribution		12.25	13.75	13.91
	After distribution		11.95	12.95	None
Earnings Per Share	Weighted average outstanding shares (thousand shares)		577,795	531,718	531,688
	EPS	Before Adjustment	(0.07)	1.73	0.15
		After Adjustment	(0.07)	1.73	0.15
Dividend Per share (Note 1)	Cash dividend Per Share		0.30	0.80	None
	Stock grants	From retained Earnings	0	0	None
		From retained reserve	0	0	None
	Accumulated undistributed dividends		0	0	None
Analysis on ROI	Price/Earnings Ratio (PER) (Note 2)		None	10.06	None
	Price/Dividend Ratio (PDR) (Note 3)		25.93	21.75	None
	Cash Dividend yield (Note 4)		3.86	4.60	None

Note 1： The dividend payment for the year 2021 was approved by the board of directors on March 11, 2022

Note 2： Price / Earnings Ratio = Average Market Price / Earnings per Share (When the net profit after tax is 0 or negative, it will not be calculated.)

Note 3： Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4： Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 5： Net value per share and earnings per share are based on the financial report data reviewed by accountants in the first quarter of 2021.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy -Article 25 of the Articles of Association

The company's dividends shall be distributed in accordance with the company's articles of incorporation, taking into account the characteristics of the business climate change, considering the impact of the life cycle of each product or service on the future demand for funds and the tax system, and maintaining a stable dividend.

Measure the capital requirements for the next year, and comprehensively consider factors such as profitability, financial structure and the degree of dilution of earnings per share, and propose an appropriate ratio of cash to stock dividends. The proposal is submitted to the shareholders meeting for approval.

Shareholder dividends give priority to cash dividends. However, if the company has major investment plans or needs to improve its financial structure, part of the dividends will be changed to stock dividends. In order to avoid excessive capital expansion and affect the dividend payment level in the future, the stock dividend is 0% ~ 60% of the total dividend for the year.

4.1.6.2 Proposed Distribution of Dividend

On March 11, 2022, the board of directors of the company decided to distribute cash dividends, and the distribution of surplus (NT$0.8 /share) was submitted to the resolution of the shareholders' meeting of 2022.

4.1.7 Impact to Business Performance and EPS Resulting from Stock Dividend：

<table>
<tr><th colspan="3">Item</th><th>2021
(Estimate)</th></tr>
<tr><td colspan="3">Beginning Paid-in Capital (in thousands of NT$)</td><td>5,316,883</td></tr>
<tr><td rowspan="3">Current dividend distribution (Note)</td><td colspan="2">Cash dividend per share (NT$)</td><td>0.8</td></tr>
<tr><td colspan="2">Dividend per share for capitalization of earnings (share)</td><td>0</td></tr>
<tr><td colspan="2">Dividend per share for capitalization of Capital Surplus (share)</td><td>0</td></tr>
<tr><td rowspan="7">Changes in Operating performance</td><td colspan="2">Operating profit (in thousands of NT$)</td><td rowspan="13">No public finances</td></tr>
<tr><td colspan="2">Operating profit increase (decrease) ratio from same period of last year</td></tr>
<tr><td colspan="2">Net income (in thousand NT$)</td></tr>
<tr><td colspan="2">Net income increase (decrease) ratio from same period of last year (in thousands of NT$)</td></tr>
<tr><td colspan="2">Earnings per Share (EPS) (NT$)</td></tr>
<tr><td colspan="2">EPS increase (decrease) ratio from same period of last year</td></tr>
<tr><td colspan="2">Annual average return on investment (annual average PER reciprocal)</td></tr>
<tr><td rowspan="6">Pro Forma EPS and PER</td><td rowspan="2">Capitalization of earnings changed to distribution of cash dividend in full</td><td>Pro Forma EPS (NT$)</td></tr>
<tr><td>Pro Forma annual average return ratio</td></tr>
<tr><td rowspan="2">Without capitalization of Capital Surplus</td><td>Pro Forma EPS (NT$)</td></tr>
<tr><td>Pro Forma annual average return ratio</td></tr>
<tr><td rowspan="2">Without capitalization of Capital Surplus and capitalization of earnings changed to issuance of cash dividends</td><td>Pro Forma EPS (NT$)</td></tr>
<tr><td>Pro Forma annual average return ratio</td></tr>
</table>

4.1.8 Compensation of Employees, Directors and Supervisors

4.1.8.1 According to Article 26 of the company's articles of association, the provisions are as follows：

"If the company's annual settlement is profitable, it should first allocate 2% of the remuneration to employees, and the remuneration of directors and supervisors shall be allocated up to 3%. The resolution on the distribution of employee remuneration in the preceding paragraph shall be passed by a special resolution of the board of directors. Do it and submit it to the shareholders meeting."

4.1.8.2. The company's profit in 2021 was NT$1,057,440,432, according to the articles of association

Provision of employee compensation, totaling NT$21,148,809 (2%)
Provision of directors' remuneration amounting to NT$31,723,213 (3%)
All the above remunerations are paid in cash.

The case was approved by the 18th meeting of the 18th Board of Directors of the Company, and the pre-tax net profit of the Company in 2021 was NT$1,004,568,410 after allotment of employee remuneration and directors' remuneration.

4.1.8.3 Last (2020) year allotment of employee remuneration and directors and supervisors' remuneration：
As the 2020 is a pre-tax loss, no compensation for employees, directors and supervisors will be provided.

4.1.9 Buy-back of Treasury Stock

Repurchases already completed

January 25, 2021

Treasury stocks：Batch Order	5th Batch
Purpose of buy-back	To safeguard the company's credit and shareholders' rights
Timeframe of buy-back	November 16, 2020 to January 12, 2021
Price range	NT$ 6.04 to 12.52 per share
Class, quantity of shares repurchased	Common stock 18,313,000 shares
Value of shares repurchased (in NT$ thousands)	NT$ 170,569,117
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	61.04%
Shares sold/transferred	18,313,000 shares
Accumulated number of company shares held	0 shares
Percentage of total company shares held (%)	3.33%

4.2 Issuance of corporate bonds：None.

4.3 Issuance of preferred shares：None.

4.4 Issuance of overseas depository receipts：None.

4.5 Status of employee stock option plan and status of employee restricted stock：None.

4.6 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies：None.

4.7 Capital plans and execution：None.

V. Operational Highlights

5.1 Sales Information

5.1.1 Scope of sales

5.1.1.1 Main sales information

The production, buying, and selling of nylon chips, nylon POY, polyester DTY, polyester ATY, nylon DTY, nylon ATY, and compounding materials.

5.1.1.2 Revenue distribution

Major Divisions	Operating Percentage	Operating Income of 2021	Domestic and export sales ratio
DTY	31.9%	NT$3.58 billion	Domestic 59% Foreign 41%
Nylon filament	15.1%	NT$1.69 billion	
Nylon Chip	45.7%	NT$5.12 billion	
Compounding	6.8%	NT$770 million	
Others	0.5%	NT$60 million	

5.1.1.3 New products under development

(1) DTY products

①Under the trend of earth friendly and friendly earth, nylon and polyester are becoming more and more important for the development of environmentally friendly RECYCLE materials. To meet the needs of the world's major brands, we process yarns with low denier and high number of "original colors", and new fibers with deep dyeing that are easy to dye at low temperature and high fastness, so as to achieve "water saving", "energy saving" and "waste reduction". To meet the demands of environmental protection and carbon reduction, nylon is developing in the direction of fishing net recycling.

②The unique properties of synthetic fibers are being combined with our factory equipment and state of the art technology to produce new fibers for use in synthetic cotton, wool, and silk yarns. These yarns will be used in functional fabrics with warming, moisture absorbing, sweat wicking, anti-odor, moisturizing, cooling, and mechanical stretch properties.

③Nylon has always been the advantage of the factory, developing cool nylon processing yarn with high moisture absorption, replacing natural fibers, and antibacterial, moisturizing, and multi-functional, making it more comfortable to wear.

④ATY will be incorporated into polyester, nylon, and blended fibers; and used in yarn dye and elastic fiber processing to mimic the feel of cotton, hemp, and wool. As yoga wear moves from the indoor to the outdoor space, ATY products demonstrate good potential in a market sector set apart from the typical market for elastic nylon products.

⑤Successful development of low-amino group nylon will produce heather patterns made from 100% nylon in order to provide downstream customers with broader raw material selection, and improve hand feel.

⑥Replace the old with the new： Eliminate the old machines. At present, 80% of the new machines have been added, and automatic wire unloading and changing machines have been added to increase the competitive advantage of quality.

(2) Nylon products

① Nylon chips：

- Different from other competitors, Zig Sheng manufactures diversified products with multiple production lines. A variety of products, including recycled chips, functional and specialized items are applied to bright and full-dull textiles. Global manufacturers in Japan and Europe have adopted our products in the high-tenacity industrial yarn and deep-dyeing textile markets with applications in food packaging and carpet.
- The compound division and the R&D polymerization test line were established to expand our territory into electronics, motors, sports, automotive, food packaging, etc.

② Nylon filament：

- The rapid growth of the textile industry in Mainland China, India, and developing countries necessitates the development of specialized and diversified products as the only competitive strategy. Besides developing yarns with extremely coarse deniers, extremely fine deniers, or high thread counts, Zig Sheng will need to phase out old machinery in favor of upgraded machines, which support the development of coarse denier, high tenacity multi-filaments for use in industrial yarns with non-apparel applications. Our nylon DTY factories will also use a vertical integration model to leverage the advantages of producing our own raw materials.
- Develop deep dyed/high and low amino nylon/original dyed yarn/environmentally friendly nylon/fishing net recycling, and implement the environmental protection demands of "energy saving" and "wastewater reduction".
- The production of far-infrared/hydrophilic cooling yarn/antibacterial/special-section nylon/collagen and other functional diversified products.

- Expanding the scope of our products will allow supply of nearly all nylon-6 products, including： nylon monofilaments, yarn for Velcro, yarn for ribbons, yarn for ATY, and POY for export, GRS certified pre-consumer waste, and recycled fishing net nylon.
- Old machinery is continuously phased out in favor of new machines in order to increase the rate of A grade products, reduce production costs, and increase competitiveness. Existing machinery is being modified to produce a small volume of diverse and differentiated products.
- With the advantages of product differentiation and stable quality, wages are increased and profits are also increased.

(3) Compounding department

The following strategies for new product development are based on a simple yet efficient compounding department with global sales channels spread around the world：

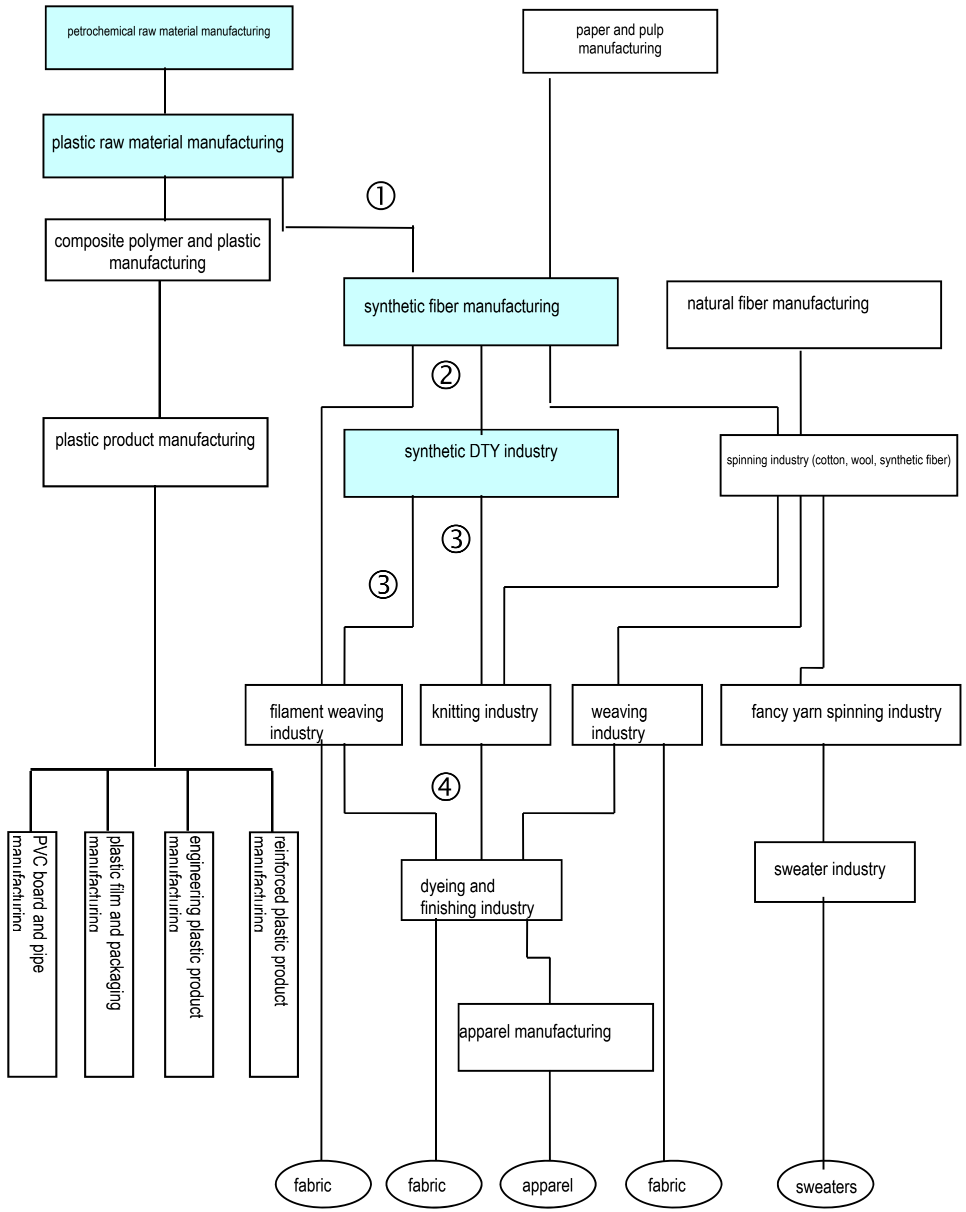
①Development and sales of high transparent nylon grade.

②Development and sales of antibacterial plastic grades. Adding high temperature calcined oyster shells powder or eggshell powder (bio-waste) into PP or ABS. After calcining, oyster shell powder and eggshell powder have antibacterial properties.

③Zig Sheng will start to manufacture PA66 resin within 2 years. The Compounding Department is developing PA66 glass fiber reinforced grades and PA66 flame retardant grades, to follow new manufacture policy at the Company. We will also register these PA66 grades to UL94.

5.1.2 Industry Overview

5.1.2.1 System diagram of upstream, midstream and downstream industrial structure



Product Flow

polyester manufacturing	polyamide manufacturing
PTA	CPL
EG	
① POLYESTER CHIPS	① NYLON CHIPS
② FILAMENT	② FILAMENT
③ TEXTURED YARN	③ TEXTURED YARN
④ BLENDED FILAMENT OR MIXED FIBER FABRIC	

5.1.2.2. Industry Outlook and Development

(1) Industry status

From the fourth quarter of 2020, as the epidemic has eased, the global market have gradually resumed business activities and resulting in increasing of demand. In addition, soaring freight rates and insufficient supply of space, coupled with extreme climate which affecting production and delivery, lead to unstable supply of raw materials. Various factors have made the nylon raw material-CPL (caprolactam) rise from US$1,230 per metric ton in November 2020 to US$2,150 per metric ton in May 2021, and It remains at this high point so far

Under the rising prices of raw materials and ocean freight, various industrial chains have increased the production costs, so it is necessary to increase sales volume. However, due to the impact of the COVID-19 epidemic in the middle of the year, the market demand has not been able to catch up. Fortunately, our main customers were cooperating by long-term contracts, thus the sales volume can still remain stable.

In terms of production strategy, the principle is inventory control. However, in mainland China, the capacity of Nylon chips increased more than 1 million tons last year. Accompany with weak domestic market and oversupply caused Chinese manufacturers sell at low prices and intensified competition in overseas markets.

In the post-epidemic era, it is still necessary to observe whether customers will adjust their purchasing policies due to high freight rates and whether downstream demand can strengthen, so that we could adjust sales strategies promptly in response to market changes.

Region	2020		2021
Mainland China	6.1%	→	4.4%
Taiwan	32.8%	→	30.0%
Northeast Asia	25.9%	→	27.1%
Southeast Asia	17.6%	→	20.4%
South Asia	16.0%	→	15.3%

Zig Sheng hopes to leverage favorable sales strategies this year to increase sales volume in India market from 1,000 tons per month to 2,000 tons per month in Q2; and to reach a sales volume of 3,000 tons per month by Q4. Taiwan and Japan will strive to maintain current sales volume, while also working together to develop more profitable products that will gradually increase sales volume, including the GRS certified product, low viscosity product, Deep/Pale dye chips,CD nylon, and copolymerization products that have been continuously prepared throughout 2020. These products are expected to reach the market in the coming year.

Nylon production is rapidly expanding in Mainland China, India, and other developing countries. A diversified product line, including anti-odor, moisturizing, cooling, recycled, or dope-dyed yarn, is the only path to secure a financial future in the wake of increased pricing competition. Engineering plastic could also lead to increases in both sales volume and profit this year when certified for use in the automotive, motorcycle, or household appliance industries.

Current international trends point to the formation of regional economies that restrict global sales. The blind expansion of Mainland China caused an imbalance in supply and demand across the industry that has pushed Taiwan into a higher pricing tier. This awkward transitional phase necessitates continuous pursuit of a diverse and specialized product line in order to compete with the mass market in Mainland China and to create a competitive advantage.

(2) Development of the Taiwanese textile industry in recent years

With the raging of the COVID-19 epidemic, the epidemic situation in Southeast Asian countries has been serious since 2021. Compared with the epidemic situation in Taiwan, the epidemic situation is relatively stable, and the industry is developing normally. Under the structural changes of the chemical fiber industry in Taiwan in the past ten years, it has removed the ruds and preserved the essence, and differentiated itself from the mainland mass production market. Relying on the support of domestic sales and government policies, the mainland polyester and nylon chemical fiber industry still plans to extend upstream raw materials PTA, MEG, CPL to polymer spinning mills to process silk for one-stop development, and then to weaving, dyeing and finishing. , garments and other textile industries.

In Taiwan, on the other hand, with the ups and downs of the world economy, energy and materials have soared, but the overall industry is still under the shadow of the mainland's massive expansion.

The following is an economic overview of the upstream, midstream, and downstream industries responsible for Zig Sheng’s main products (polyester DTY, nylon filaments, nylon chips) followed by an analysis of related product development trends.

① Economic outlook of the synthetic polyester fiber industry

Industry Overview	
Upstream Synthetic Fiber Industry	Because the chemical fiber factories in the mainland have all developed upstream of the petrochemical industry, the chemical fiber factories in Taiwan have lost their dominance, but the mainland POY is still unable to be exported to Taiwan, and the Taiwan POY factory still has a chance to breathe. In recent years, Taiwan's POY factory has expanded its silk processing equipment to compete with the silk processing industry. In addition, Hongzhou was acquired by Yijin, and some POY factories shut down the thick denier line for direct spinning, which made the supply of POY approaching insufficient, the price rebounded, and POY factories have turned losses into profits. But there is also a shortage of supply. Therefore, the company has recently increased the purchase of polyester spinning equipment to supply part of its own consumption, hoping to stabilize the supply of raw materials to differentiated development without competing for profits with raw material factories. The POY part of Jisheng's polyester raw material for processing silk still continues to cooperate with the fixed raw material supplier to purchase the covered wire.
DTY Industry	The global regional economy is becoming more and more obvious, and Taiwan's export trade barriers are increasing. The confrontation between the governments on both sides of the strait, the impact of the epidemic, the inability to introduce foreign workers, and the lack of jobs, is compressing the living space of the industry. Polyester processing yarn insists on developing towards specialization, coupled with the rapid response strategy of its own polyester spinning equipment, giving up mass production of general specifications, developing and mastering the raw materials by itself, developing together with downstream fabric mills, and continuing to retire and update the equipment. The diversified products of nylon processing yarn still depend on our own continuous research and development. Supplemented by consistent integration of raw materials. ATY air-textured yarn has diversified picking equipment and integrated raw materials, making the products more diverse. Only peers also followed suit, resulting in increased supply, intensified competition in the future, and profits can only be maintained. Last year, Southeast Asian countries were affected by the new crown epidemic, and many countries closed their cities and stopped work. The epidemic situation in Taiwan was relatively stable, and orders benefited. one year.

Industry Overview	
Downstream Fabric Mills	The industry has moved out, the awareness of environmental protection has risen, the cost of dyeing and finishing plants has increased, and European and American countries have lifted the blockade. On the contrary, the epidemic situation in Southeast Asian and Northeast Asian countries has been seriously affected. Because of the problem of port plugging, the knitted fabric industry is chasing after the goods. On the basis of rapid response in Taiwan, the knitted fabric industry Harvest year. Combined with research and development, sales, and interaction with brand information, the demand for the most terminal functional ready-to-wear clothing this year has grown significantly throughout the year. Only by continuously combining with downstream brands to jointly develop functional and fashionable market demand products can we stand out in the perfect competition.

② Economic outlook of the nylon industry

Industry Overview	
Nylon Chips	The Mainland Chinese textile industry continues to develop polymerization technology and propose new plans for expansion. A large influx of nylon chips will increase the internal consumption ratio of Mainland Chinese manufacturers. Taiwan will need to pursue a high value and rapid response business strategy as a singular path to success. We will need to use our small batches and multiple production lines to develop diversified products that distinguish Zig Sheng from Mainland Chinese manufacturers. As Mainland China continues to advance, We will need to reduce dependence on the Mainland by expanding into new product markets. In addition to Japanese market, Indian and Southeast Asian ,also presents many viable opportunities. Moreover, due to the shortage of chips, the operating reduction of automobile industry continued from 2021 to first quarter of 2022, and it is expected to recover in second half of 2022. The demand for film applications remained relatively stable.

Industry Overview	
Nylon filament	The momentum behind Mainland China and India is being felt throughout the industry. The CHAINLON polymerization plant has been sold to SINOPEC. KOLON, a Korean chemical and textile manufacturer, has closed. Taiwanese firms TA SHENG AND ACELON have both closed their ATY plants. However, Zig Sheng is enjoying a broader customer base since expanding our product lines. The company will avoid competition with Mainland China by continuing to expand and distribute foreign sales. Our product lines will continue moving toward ultacoarse denier and ultrafine denier multifilament yarns. A small shift in focus from the highly competitive Mainland Chinese market towards high value markets in Europe, the U.S., and Japan has yielded slight results; however, Zig Sheng continues to operate in a rather difficult environment. We hope to use our proprietary polymerization technology to develop new recycled, water-conserving, moisturizing, and anti-odor products that to stable profit .
Downstream Fabric Mills	Zig Sheng is the largest and most competitive manufacturer of coarse denier industrial fabric in the Taiwan Strait. The company collaborated with downstream spinning plants and fabric mills to become the largest high-end industrial fabric supplier in the industry. Downstream customers at Korean chemical and textile manufacturer, KOLON, all purchased raw materials from Zig Sheng. Fabric mills have enjoyed stable profits throughout the entire year because most POY remained at a low price point. The majority of mid and low denier fabrics, which have faced price cutting, outbid orders, and polyester replacement by Mainland Chinese firms, offer no clear business opportunity. However, high quality circular knits/ultrafine denier down fabric has remained stable. In recent years, fabric mills have started replacing machinery to support a small number of diverse products that are set apart from competitive Mainland Chinese markets. Zig Sheng has seen positive expansion in home furnishings, functional apparel, yarn for Velcro, yarn for ribbon, and ATY with different cross sections; as well as new customers in emerging markets. Downstream fabric mills are facing an uncertain economic climate, but a broader customer base allows Zig Sheng to keep up momentum despite low prices.

③ Overview of nylon compounding material market

In 2021, the COVID-19 pandemic continuously impacted global supply chains. In the Compounding Materials Department, export business is still growing, but domestic business is at same level, if not going down slightly. Sky rocking export freight and appreciation of the New Taiwan Dollar (NTD) means that domestic customers in Taiwan can buy domestic raw material but their finished goods and semi-finished goods can't export smoothly. This serious situation caused an imbalance of production and sales; so domestic business is at same level, maybe even going down slightly. Overall, the Compounding Department has seen continuous sales growth.

④ Product development trends and scope of competition

Zigsheng continues to improve our production lines following the collective, albeit disorderly, expansion of manufacturing in Mainland China. The company has shown promising results in regions outside the Mainland. Annual production volume is slightly smaller than this time last year but our added-value has increased. As quality and volume continues to improve, Zigsheng will be able to enter stable long term contracts with foreign and domestic customers to strengthen the nylon industry.

The market for Taiwanese nylon is slowly disappearing in China. Zig Sheng should not postpone the development of new markets or product applications. The company has had some progress in recent years, but continuing to reduce our export volume to Mainland China and reducing dependence on textile applications will help our nylon chips and Nylon filament to reach long term sales goals. Food packaging, industrial materials, and spare automotive parts will become part of future mainstream markets. Zig Sheng is already performing well in these areas.

5.1.3 Overview of Technology and R&D

5.1.3.1. 2021 R&D budget and R&D budget at printing of this report

Unit：NT$ thousands

Project	2021	1Q2022
R&D Budget (Including equipment investments)	53,477	13,409

5.1.3.2. Successfully developed technologies and products

(1) DTY

①The year-by-year replacement of the old has been completed, improving production capacity and quality, and reducing the rework rate of secondary inspection.

②Developed more POY to produce nylon, polyester, CD polyester and keep pace with change.

③Added ATY machines that are operating at capacity to allow vertical integration of our own raw material. This production model has been tested with polyester and nylon to create a more diverse product line. Vertical integration of raw material in elastic and compound manufacturing will provide customers with greater selection and more collaborative opportunities.

④Created added-value for downstream customers by using diversified machinery and technology to change the characteristics of our fibers. This provided increased profit margins for Zig Sheng and created a mutually beneficial business model.

⑤Rigorously developed new products, including Pufy, Nicecool, Miltititi, Zibra, and Magicil, branded with a Zig Sheng logo to strengthen our branding and create a sales model emphasizing collaborative development with foreign brands.

⑥Our highly absorbent nylon with excellent hand feel, heat dissipation, cooling, anti-microbial, and cosmetic properties was selected for use by high-end hosiery brands.

⑦Promoted fabric with moisturizing collagen, anti-odor, softness, and form fitting properties.

⑧Developed conventional ultrafine denier DTY; Two-toned ultrafine denier DTY is under development; Added recycled bottle polyester to products like recycled heather, striped heather, and Magicil.

⑨Recycling downstream embryonic fabrics and recycled fibers from scraps attracts the attention of brands.

(2) Nylon filament

①Improved machinery in response to demand for high density industrial belt yarn, fishing nets, and Velcro.

②Ultrafine denier high filament yarns were used to increase tensile strength in response to demand for lighter products by foreign brands.

③Continued to develop earth friendly functional products, dope-dyed yarn, deep-dyed yarn, antimicrobial yarn, GRS recycled yarn, hydrophilic cooling yarn, anti-odor collagen yarn etc.

④Improved quality of nylon monofilaments to increase competitiveness.

⑤Coordinated with our ATY/N DTY factories to produce diversified products.

⑥Due to decreased demand amid the Coronavirus Pandemic, spinning plant 2 was shut down to save on high production costs. Spinning plant 1 was consolidated to produce a made to order inventory.

⑦The nylon factory left by Spinning 2, which only produces special/high-paid products, has turned a profit last year.

(3) Nylon chips

①Functional chips, collagen chips, and Ultra High Flow Nylon have entered Zig Sheng's main product lines. Deep-dyed nylon, which increases the richness effectiveness, and hydrophilic properties of deep-dyed fabric, has great marketing potential. The product has already received customer approval and is under production.

Special dyed chips can be applied to carpets and garment to help customers develop more unique products and enhance market competitiveness. At this stage, foreign customers have completed testing and turn into stable procurement, the sustainable growth can be expected.

②Zig Sheng was not able to enter a saturated food packaging market last year. However, the company worked with upstream raw material suppliers and downstream manufacturers to create an exceptional, quality product and stable supply. The product has moved out of development and been ordered by leading global manufacturers including those in Asia. The stable sales volume has opportunities for growth.

③Industry trends indicate that our exceptionally lightweight engineering plastic and nylon have gained a foothold in automotive key and spare parts industries.

④Collaborated with international brands to create various specifications of specialty Nylon filament.

⑤Market expansion has proven effective.

(4) Compounding department

①Compounding department coordinated with the polymerization department to successfully promote the following grades to our customers： fast crystallization and high flow injection grade, medium and high viscosity monofilament extrusion grade, high viscosity for tubing grade. Development of the above grades allowed Zig sheng to become, apart from Japan, the best special engineering plastic supplier in the Asia-Pacific region.

②The department worked with the world's largest bicycle and fishing tackle parts factory to successfully develop high glass fiber content and high-flow grades, while also assisting our customers to simplify integration of these grades.

③The department worked with renowned kitchenware manufacturers to successfully develop many FDA certified nylon grades.

④The department improved the manufacturing process in our recycling departments to develop GRS certified recycled pellets for use in spinning and engineering plastics.

⑤The department trained R&D staff to spur continued development.

5.1.4 Long-term and short-term sales development plan

5.1.4.1 Short-term sales development plan

(1) DTY：

Respond rapidly to customer demand by continuing to develop diverse customized products, while also incorporating vertical integration of our own Nylon filament production to create specialty composite Nylon filament.

Continue to improve DTY and spinning machines in pursuit of a diversified product line.

Manufacturing：Zig Sheng began purchasing additional DTY and ATY machines in 2014 to increase production capacity and meet intense market demand for specialty products. The company will continue to phase out old machinery and complete equipment upgrades from 2020 until Q4 2021. We will leverage increased competitiveness in the DTY sector to close the gap between our competitors.

Marketing：Zig Sheng will pursue the European home furnishings market or widespread development of functional DTY for leading sportswear brands. In response to the rise of the ASEAN nations and regional economic protectionism, Zig Sheng will look to Southeast Asian nations as a means to expand domestic sales.

(2) Nylon sales

① Nylon chips：

Zig Sheng will increase internal consumption of nylon chips and pursue stable growth of nylon chips in the food packaging, foreign and domestic textile market, and non-apparel application sectors. This year we will continuously work with leading multinational manufacturers to achieve our goal for a diversified product line. Rapid response and diversified production are the focus of our operations. We will work to reduce our sales volume in China and expand our market share in Southeast Asia, Northeast Asia, India, and other emerging markets. We will reduce our product applications in the textile sector while increasing applications in the food packaging, automotive, and engineering sectors.

② Nylon filament：

- The blind expansion of Mainland China has restricted production capacity and cash flows in the textile sector. Zig Sheng is certain to be affected by the current business climate; but the company will enjoy a broader customer base by expanding the scope of our products. As Zig Sheng strives to restructure our products, expand our markets, and distribute our foreign sales, we expect to maintain our production capacity at equilibrium this year and rebound from previous losses.
- As long as there is no shortage of workers, the operating rate of the two spinning plants can be almost 100% full, and all production and sales are fully realized.

③Compounding department：

At present, although the order is saturated, our strategy is to continue to receive more new orders and develop new customers, and to outsource some stable and low-level grades to two OEMs factory to increase sales quantity and lower management and sales expense. Due to COVID-19 epidemic cause marketing chaos, it is a good chance to expand business territory.

5.1.4.2 Long term sales development plan

Long term development of the textile industry is restricted by the lack of resources in Taiwan; sustainability concerns including carbon emissions, earth friendly policy, energy conservation, waste reduction, and recycling; and the impact of regional economies.

(1) DTY：

Pursue specialized, diverse, green products in line with international trends.

Cooperate with upstream raw material manufacturers and downstream customers along brand supply chains to collectively develop new fashion forward trends.

Work with upstream manufacturers to develop recycled, dope-dyed polyester filament yarns and high performance, light-resistant yarn-dyed DTY with excellent color fastness to washing.

Reduce downstream processing during dyeing and finishing to comply with sustainability policies that conserve energy, save water, and reduce dyeing steps in order to help our planet.

Increase polyester POY spinning machines and produce diversified raw materials to increase competitiveness

Spreading our spinning machines across three factories may slightly increase production costs, but this strategy is appropriate for a market that requires rapid response and shorter lead times.

(2) Nylon Sales：

① Nylon filament：

- Forgo competition over commodity specifications; increase the sale of circular knitting yarns; develop functional products, dope-dyed yarn, and recycled nylon; and meet demand for energy saving, sustainable products.
- Increase foreign sales ratio in regions other than Mainland China to consistently maintain production at equilibrium.
- Participate in business organizations and online meetings to expand and distribute our foreign markets despite the ongoing Coronavirus Pandemic.
- In response to the trend of form fitting clothes, work with customers in the hosiery and lingerie sector to collectively develop new products and diversify these products to increase market share.
- Work with customers at international brands to meet demand for high quality, high tenacity ultrafine denier yarns.

② Nylon chips：

We also grasp the trend of environmental protection, commit to the combination with international brands and expand special functions and environmental protection chip with environmental protection appeals.

Under the popularization of electric vehicles, accompany with light weight and energy saving requirement, synthetic plastic steel is born in response to it. For example, automobile parts, automobile power tools, sports equipment, electronic and electrical machinery, etc., quickly replace the metal produced by high energy consumption. In engineering plastic market ,Nylon chips has become one of the rapidly growing raw materials.

Seizing the obstacles of European and American issuing anti-dumping to mainland China, providing cooperation solutions, not giving up opportunities outside the China, and cooperating with advanced countries to develop the application and sales of food packaging materials are also one of the subject.

Compound plastics were created in response to a growing energy crisis and the need for lightweight, energy saving products. Nylon chips are one of the fastest growing raw materials in the engineering plastics sector. Engineering plastic consumes less energy than the production of metal components and can be used as a substitute for metal in automotive and motorcycle parts, pneumatic tools, sports equipment, electronics, and electronic equipment.

We must confront European and American opposition to price dumping and Mainland Chinese sales. Our goal is to propose more collaborative projects while continuing to expand sales in regions other than the Mainland.

Another important project is working with advanced nations to expand the sale of food packaging applications.

③ compounding material：

- Enhance development of new grades and increase recognition by major customers.
- Pursue consistent and long-term development of certified grades, including UL certified flame retardant grades etc.
- Participate in plastic exhibitions and coordinate with distributors in order to expand foreign markets in the U.S., India, Southeast Asia, Australia and New Zealand.
- Develop and promote plastic compounds other than nylon compounds.

5.2 Overview of market, production, and sales

5.2.1 Market analysis

5.2.1.1 Sales region of main products

Unit；NT$ thousands

Region \ Year	2020		2021	
	Subtotal	Total	Subtotal	Total
Domestic revenue		4,640,224		6,596,152
Foreign revenue		3,035,383		4,622,361
Europe	8,702		8,770	
North America	93,761		99,276	
Africa	48,816		77,107	
Oceania	9,257		17,694	
Southeast Asia	815,379		1,490,019	
Northeast Asia	868,822		1,423,919	
Other Asian Regions (including Hong Kong and Mainland China)	1,190,646		1,511,576	
Total Revenue		7,675,607		11,218,513

5.2.1.2 Market share in 2021

Product Line	Zigsheng Sales Volume (tons)	Taiwan Annual Sales Volume (tons)	Market share (%)
DTY	41,699	535,519	7.79
Nylon filament	20,846	153,014	14.25
Nylon Chips	81,359	225,521	33.43

Source：Taiwan Man-made Fiber Manufacturing Industries Association

5.2.1.3 Overview and growth potential of future market supply and demand

(1) DTY / Polyester filament

With the rapid expansion of the mainland in the past ten years, the output of polyester raw silk and processed yarn has already ranked first in the world. Under the guidance of the planned economy in the mainland, the current polyester series is still growing by more than 10% every year, and the PTA has been completed. , MEG petrochemical industry integration, nylon series will also be achieved within two years. In contrast, Taiwan has undergone industrial transformation in recent years. Brands require cloth factory suppliers to set up factories in Southeast Asian countries for local delivery. In addition, the regional economy of the Southeast Asian Nations Association has gradually formed. It is impossible for downstream cloth orders to flow abroad to use Taiwan's products. Raw materials, coupled with the development of COVID-19, which has caused a lot of product shortages in Hong Kong, Taiwan's production is stable, and brands have placed a large number of orders. 2022 years is a stable year, and the processing equipment is constantly obsolete, and it is also very competitive. Due to the oversupply in mainland China and the inability to reduce domestic demand, driven by low-price dumping, Taiwan's major export markets such as ASEAN and Central and South America have been seriously affected. In addition, domestic sales have recently been expanded and eliminated in DTY. It will break the balance of supply and demand in long-term efforts. The biggest problem Taiwan faces is the global regional economy. Taiwan has been excluded. The TPP is temporarily put on hold, which still cannot alleviate the fact that the upstream and downstream factories are relocated. However, the mainland-led RCEP Taiwan has no chance to participate. Insufficient manpower, power outages, power shortages, price increases, labor shortages, anti-petrochemical factors, exchange rate factors, and more, diversifying products is the only option in the future.

(2) Nylon Chips and Nylon filament

The massive expansion of CPL and nylon chip production in China has led to decreasing annual imports of nylon chips; aside from special low viscosity or special specification chips that must be imported. Zig Sheng saw promising results this year when expanding into new markets and product areas. The company reduced indirect or direct sales volume to China by 30% while increasing our overall market share.

The global market for Nylon filament experienced a year of low demand and excess supply with little profit in 2019. The nylon department is focused on developing high-end ultrafine denier apparel yarns and strengthening applications for coarse denier industrial yarns, while avoiding competition from Mainland Chinese products. If brands are willing to use competitive Taiwanese raw materials in the ASEAN nations, Central Asia, India, and Central and South America, then Zig Sheng could use the large local workforce to create an alternative market outside Mainland China.

(3) Compounding department

The COVID-19 Pandemic continuously affected global business in 2021. Freight costs are still increasing and remained at high levels throughout 2021, Every industry is facing a lack of workers and global economic prosperity is rather unpredictable. All countries adopted lockdown policies in response to COVID-19, and decreased global industry contributed to reduced development of new products. This situation demonstrates the importance of cooperating with local distributors. The Compounding Department has enjoyed good cooperation with distributors in South East Asia, South Africa, China, and the U.S.A in recent years. This year, we will also find good distributors in Europe and Central America to confirm new business developments in these areas.

5.2.1.4 Competitive strategy

(1) Establish long-term partnerships with upstream CPL, polyester chip, and filament suppliers to not only ensure a stable supply of raw materials but also to increase competitiveness by quickly acquiring industry information through exchanges with international brands.

(2) Continue to research and develop diversified production, and use high value products to establish a core competitive strategy in the market.
(3) Pursue and implement quality products; manufacturing controls; and automated warehouses that quickly and effectively manage inventory. Maintain product quality and volume, respond rapidly, and provide customers with the best possible product.
(4) Establish a stable financial structure, monitor industry development, and embed the industry.
(5) Phase-out and improve equipment to remain competitive.
(6) Integrate our branding and sales while providing new products to create collective value.

5.2.1.5 Benefits and risks of long term development and mitigation strategies thereof

(1) Benefits

At a time when oil prices are low and the global economy enters a period of recovery：

①Poor operating conditions in Mainland China, including pollution, shifting logistics, insufficient workforce, insufficient capital, and environmental concerns, will cause slack in the production line. This will benefit Taiwanese industries focused on product quality, lead times, effective service, and R&D.

② While Mainland China and Taiwan both have nylon chip plants, nylon production is unique in that the industry requires advanced technology, substantial investment, and personalized service. Mainland China may absorb most commodity product; however, Taiwan has extensive production, sales, and R&D experience that will absolutely remain competitive.

③Nylon applications have expanded into areas including home décor, industry and engineering, food packaging, and automotive or motorcycle parts; especially in areas where the application of engineering plastic continues to replace traditional metal components.

④Taiwan is still a leading competitor in terms of the price and quality of nylon chips or yarn.

(2) Risks and mitigation strategies thereof

① In recent years, fast moving international capital and changes in the global economic climate have contributed to large fluctuations in crude oil prices. The global price of raw materials has responded accordingly. Zig Sheng imports almost 50% of our main raw material CPL. Shipping times require that the company maintains a steady inventory. A change in CPL prices can have a substantial impact on our production costs and profits. Zig Sheng will adopt the following mitigation strategies in response to these risks：

- When purchasing raw materials, Zig Sheng will apply the scaling effect, manage shipping times, and strengthen inventory controls to avoid excess capital.

- Coordinate orders with the sales department to allow for strategic buying when raw material prices are low and to calculate fixed gross profit margins in a timely manner. This will solve issues caused by changing raw material prices due to fluctuations in the price of crude oil.
- Avoid the risk of sharp increases or sudden drops in raw material price cycles by coordinating with suppliers to price per shipment.

②The Asian FTA (ASEAN +3) will impose tariffs on Taiwanese products sold on the Asian market and could seriously impact exports. The RCEP, proposed by Mainland China as an alternative to the tabled TPP, is also not advantageous to Taiwanese foreign sales.

③The risk of currency fluctuation

The mainland value-added tax has been reduced from 16% to 13% to encourage export competition. In recent years, the proportion of export sales is 40%, and the company's imported raw materials account for 65% of the raw material procurement. Therefore, the fluctuation of the foreign exchange rate has a considerable impact on the company’s profit. In addition to adopting automatic hedging, the company adopts the trend of Taiwan’s economic growth, regardless of whether the Taiwan dollar should appreciate or depreciate slowly in the future. Under the principle of hedging, Jisheng has been within control of its exchange gains and losses in recent years. Since the fourth quarter of 2008, the weak US dollar policy has led to a large appreciation of Asian currencies. In 2020, the Taiwan dollar has appreciated by nearly 7.5%. Due to the proper response, the company has not incurred any exchange losses.

④Anti-dumping accusations

The Mainland Chinese Ministry of Commerce has filed anti-dumping suits on Nylon 6 chip markets in Taiwan, America, and the European Union for more than five years. Chinese purchasing volume has decreased in Taiwan over the years despite the fact that Taiwan offers a quality product. When combined with complicated anti-dumping duties in Europe and America, Taiwan has enjoyed a rather favorable business environment.

Commodity specifications of Taiwanese nylon chips will be replaced by Mainland China in the coming years. However, high-value, specialized products such as full-dull, bright, and specialized application chips still offer promising opportunities. Decreasing production volume across Europe and America will bring OEM opportunities to both sides of the Taiwan Strait, but Zig Sheng should not be too comfortable with this situation. The volume of Mainland Chinese products will continue to increase. Taiwan needs to implement long term structural changes, innovate, and increase competitiveness while avoiding the Mainland Chinese market. Developing new applications is the only way to keep pace with the rise of our Mainland Chinese competitors.

⑤The capacity of nylon chip production will continue to expand in Mainland China leading to reduced imports and a healthy increase in exports.

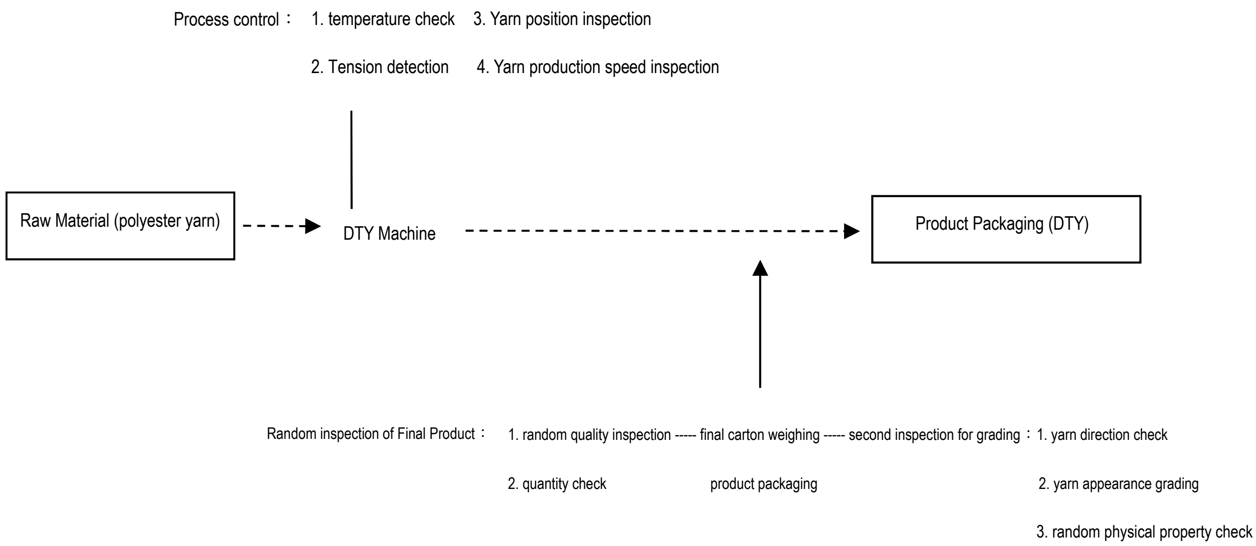
5.2.2 Production Procedures of Main Products

5.2.2.1 Major Products and Their Main Uses

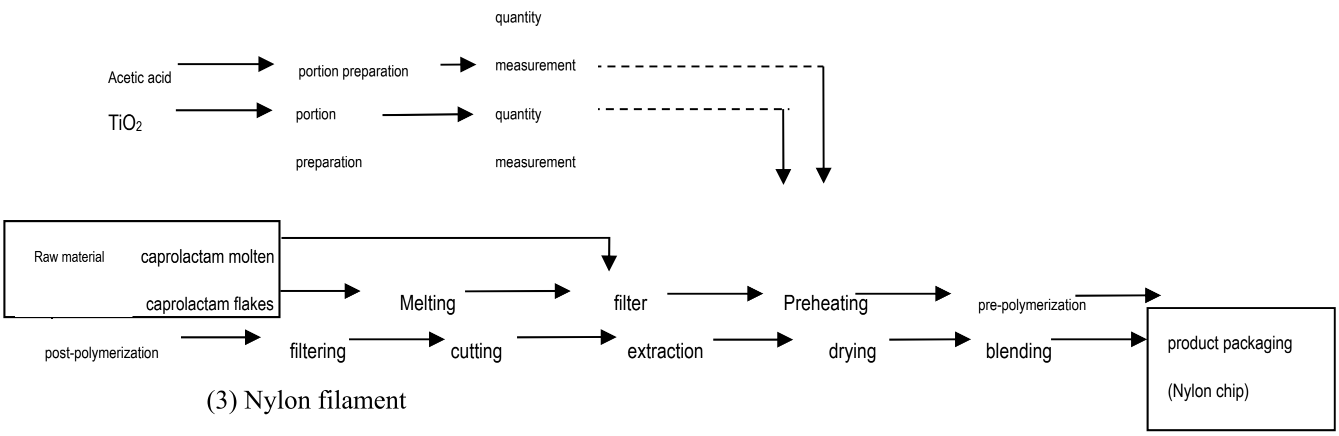
<table>
<tr><th colspan="2">Product Line</th><th colspan="2">Main application</th></tr>
<tr><td rowspan="6">polyster and nylon DTY</td><td>Finished DTY</td><td colspan="2">circular knitting, curtains,industrial conveyer belts, and woolen knits</td></tr>
<tr><td>Stretch polyester DTY</td><td colspan="2">high-fashion suits and gowns</td></tr>
<tr><td>Dual or tri-colored polyester yarn for synthetic wool</td><td colspan="2">High-fashion suit pants</td></tr>
<tr><td>High stretch polyester DTY</td><td colspan="2">Stretch denim and athleisurewear</td></tr>
<tr><td>High elastic Stretch yarn</td><td colspan="2">Leotards and swimwear</td></tr>
<tr><td>Cationic DTY</td><td colspan="2">Mens and womens apparel</td></tr>
<tr><td rowspan="5">Nylon filament and spinning cones</td><td rowspan="3">Filament apparel(fabric)</td><td>warp knitting</td><td>clothing, bedsheets, nets, linings, footwear and hats,toy fabrics</td></tr>
<tr><td>circular knitting</td><td>sportswear, towels, formalwear, leotards</td></tr>
<tr><td>weaving</td><td>apparel fabric, interior design fabric, umbrella fabric</td></tr>
<tr><td>Industrial (fabric)</td><td colspan="2">suitcases, tire cords, fishing net, carpet</td></tr>
<tr><td>Staple Fiber</td><td colspan="2">Non-wovens,nylon cotton blends, nylon wool blends</td></tr>
<tr><td rowspan="4">Engineering plastic and nylon cones</td><td>Automotive Parts</td><td colspan="2">cooling fans, door handles, gas caps, grilles, light bases, radiator covers</td></tr>
<tr><td>Industrial Parts</td><td colspan="2">stroller seats, bicycle frames, ice skate soles</td></tr>
<tr><td>Electronics and Devices</td><td colspan="2">Cellphone cases, connectors, cable windings, timers, circuit breaker covers, nylon piping for hydraulic systems</td></tr>
<tr><td>Packaging Materials</td><td colspan="2">food packaging films (eg., dried fruit and freshly frozen food)</td></tr>
</table>

5.2.2.2 Major Products and Their Production Processes

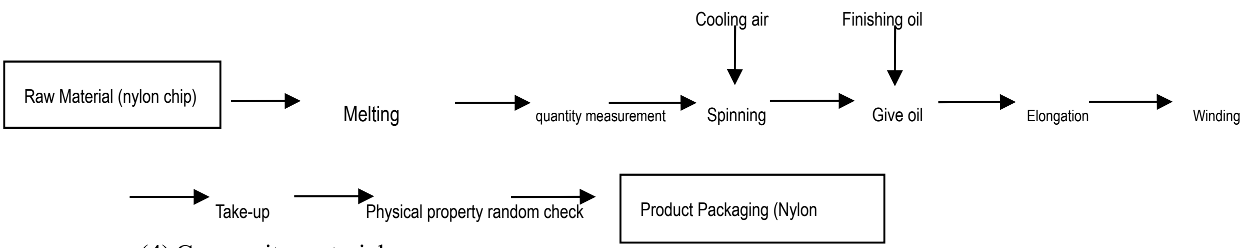
(1) DTY



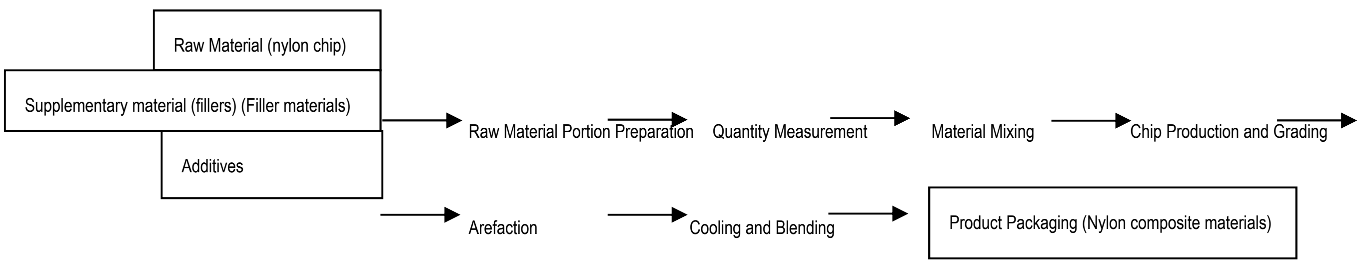
(2) Nylon polymerization



(3) Nylon filament



(4) Composite material



5.2.3 Overview of main raw material supply

5.2.3.1 DTY raw material

(1) Zig Sheng produces and consumes all nylon filaments used in our DTY. The company combines production of our own diverse nylon chips with proprietary spinning technology to keep production costs affordable. We produce our own specialty yarn (the second phase of production is to be completed by Q1 2020) but not for external sale. This ensures a specialized competitive advantage that yields comprehensive results.

(2) The first phase of our polyester spinning plant expansion was completed in Q4 of 2019. Zig Sheng currently produces 2/3 of our own supply; while 1/3 is developed as part of a stable partnership with upstream manufacturers. The exceptional quality supports the sale of sustainable (energy saving, easily dyed, and deep-dyed) functional yarns, including recycled DTY and dope-dyed yarn, and has performed quite well. In the future, Zig Sheng will develop internal production of two-toned, multi-colored, composite, or recycled CD yarns.

(3) Zig Sheng will increase the scope of our ATY products by producing our own nylon filaments, purchasing nylon 66 filaments from foreign and domestic spinning plants, and purchasing polyester filament from domestic spinning plants.

5.2.3.2 Nylon raw material：CPL

Zigsheng's main supplier of caprolactam is CPDC. What CPDC cannot supply will be imported. To minimize price fluctuation risk during the caprolactam import lead time, Zigsheng will prioritize near shore source over deep sea cargo.

5.2.3.3 Compounding department

PA6 resin, the main raw material in the PA6 compound, is all produced internally. Production of the PA6 compound accounts for nearly 80% of total capacity. GPPC is still facing a shortage of PA66 resin due to a lack of raw materials for PA66 resin. Thankfully, the Company can also buy PA66 resin from other oversea suppliers to ensure sufficient supply. Supply of the PA66 compound is stable and accounts for 10% of total capacity. Taiwan Chemicals is the main supplier of our PP resin and the PP compound makes up 10% of total capacity. We enjoy a relatively stable supply of other raw materials, such as ABS, additives, and fillers, which are mainly acquired from domestic suppliers.

5.2.4 Name of customers accounted for more than 10% of total purchase/sales amount of the company in the most recent two years or in any year and the purchase/sales amount and ratio thereof

5.2.4.1 Main sales customer information

Unit： NT$ thousands

Item	2020				2021				Q12022			
	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer
1	None	None	None	None	None	None	None	None	TO017	329,973	11.69	None
	Others	7,675,607	100.00	None	Others	11,218,513	100.00	None	Others	2,491,884	88.31	None
	Net Sales	7,675,607	100.00		Net Sales	11,218,513	100.00		Net Sales	2,821,857	100.00	

Note：The name of the customer shall not be disclosed due to the contractual agreement, but expressed by the code name.

5.2.4.2. Main supplier information

Unit： NT$ thousands

Item	2020				2021				Q12022			
	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer
1	JS145	1,268,805	24.47	None	JS145	3,280,059	36.55	None	JS145	703,001	30.06	None
2	SB034	619,087	11.94	None	SB034	1,487,422	16.57	None	SB034	480,606	20.55	None
3	YT006	600,001	11.57	None	None	None	None	None	None	None	None	None
	Others	2,697,508	52.02	None	Others	4,207,821	46.88	None	Others	1,154,685	49.39	None
	Net Total Supplies	5,185,401	100.00		Net Total Supplies	8,975,302	100.00		Net Total Supplies	2,338,292	100.00	

Note：The name of the customer shall not be disclosed due to the contractual agreement, but expressed by the code name.

5.2.5 Production in the Last Two Years

Unit：metric tons, NT$ thousands

Major Products (or by department) \ Output \ Year	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
DTY	49,800	32,528	2,181,631	52,200	42,810	3,173,544
Nylon filament	50,400	38,732	2,084,236	64,200	51,599	3,218,429
Nylon Chip	135,000	104,111	4,329,728	158,400	121,367	6,958,845
Compounding	10,200	9,786	510,507	10,200	12,554	778,679
Others	0	2,825	71,590	0	3,727	110,629
Total	245,400	187,982	9,177,692	285,000	232,057	14,240,126

5.2.6 Shipments and Sales in the Last Two Years

Unit：metric tons, NT$ thousands

Major Products (or by departments) \ Shipments & Sales \ Year	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
DTY	30,027	2,293,402	3,763	297,577	39,095	3,337,523	2,604	239,123
Nylon filament	17,916	1,026,429	3,884	285,881	17,023	1,348,008	3,823	342,474
Nylon Chip	24,708	1,017,055	50,677	2,106,829	24,361	1,504,120	56,998	3,615,767
Compounding	4,569	273,871	5,714	339,155	4,826	350,664	5,718	415,919
Others	1,336	29,467	33	5,941	2,547	55,837	257	9,078
Total	78,556	4,640,224	64,071	3,035,383	87,852	6,596,152	69,400	4,622,361

5.3 Human Resources

Year		2020	2021	As of March 31, 2022
Number of Employees	Staff	440	456	476
	Technician	199	184	185
	Ordinary worker	628	590	556
	Total	1,267	1,230	1,217
Average Age		40.10	40.89	41.06
Average Years of Service		10.42	10.99	11.07
Education	Ph.D.	0.32%	0.33%	0.33%
	Masters	3.16%	3.25%	3.20%
	Bachelor’s Degree	60.61%	60.73%	60.15%
	Senior High School	25.65%	25.37%	26.05%
	Below Senior High School	10.26%	10.32%	10.27%
Total		100%	100%	100%

5.4 Environmental protection expenditure information

5.4.1 In the most recent year and as of the printing date of the annual report, losses suffered due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations; specify the date of punishment, the punishment code, article numbers of legal provisions violated, contents of legal provisions violated and contents of punishment)：

"Matters breaching environmental protection laws and regulations and countermeasures"

Item	Date of punishment (Date of violation)	Punishment code	Article numbers of legal provisions violated	Contents of legal provisions violated	Contents of punishment	Is the improvement completed?	Countermeasures
1	June 15,2021 (April 16, 2021)	Fu-Huan-Ji No.40-110-060033	Item 2, Article 28 of the Waste Cleanup Act	Through the Environmental Protection Permit Management Information System of the Environmental Protection Administration, Executive Yuan, the waste cleanup plan for your company's plant III (Control No. H5304165) was approved on record by the Taoyuan City Government on August 8, 2019. The capital amount listed in the waste cleanup plan is $8,000 million, which indicates the enterprise should have professional technical staff for waste. The professional technical staff for waste of your company's plant III (Control Number： H5304165), Lin O-yen left your company on April 1, 2021, so your company should designate an acting person within 15 days of the departure of the professional technical staff and report to the competent authority for recordation. However, your company did not submit the application for the establishment and cancellation of the professional technical staff for waste until April 27, 2021, which is a violation of Article 28, Paragraph 2 of the Waste Disposal Act.	① The penalty is NT$6,000. ②Environmental training for 1 hours.	Improvement completed.	Immediate improvement countermeasures：Designated Agent for Planning

5.4.2 Expected environmental protection capital expenditure in the future：

Estimated capital expenditures for environmental protection in 2022：

5.4.2.1. The coal-fired boilers will be equipped with additional pollution prevention equipment to improve air polluting emissions：

In 2022, the improvement is in progress and is scheduled to be completed in June, with an estimated expenditure of NT$10.8 million (excluding the cost of peripheral construction).

5.4.2.2 The fuel for the heat medium boilers will be converted from heavy oil to natural gas, in line with the national energy policy, to improve air-polluting emissions：

(1)In 2022, the improvement in the Nylon Polymerization Plant I is in progress, scheduled to be completed in March, with equipment cost of NT$2.32 million and piping cost of NT$810,000, totaling NT$3.13 million. (Excluding the cost of the natural gas pipeline from CPC).

(2) In 2022, the improvement in the Nylon Polymerization Plant II is in progress, scheduled to be completed in June, with equipment cost of NT$4.58 million and piping cost of NT$900,000, totaling NT$6.38 million. (Excluding the cost of the natural gas pipeline from CPC).

(3) Heavy oil conversion to natural gas for the above heat medium boilers is expected to be completed in 2022, with an estimated expenditure of NT$10 million.

5.4.2.3 Complying with environmental regulations for discharge water quality and limit values, and regularly replacing the resin membrane set：

The EDR system for wastewater recovery in the Wastewater Plant II is planned for EDR membrane replacement, with an estimated expenditure of NT$5.5 million.

5.5 Labor-management relations

5.5.1 Various employee welfare measures, advanced study, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee right protection measures

5.5.1.1 Employee welfare measures

(1) Three-festival and birthday gift money, marriage allowance, funeral allowance, travel vouchers and dinner subsidy, children's scholarships and grants.

(2) Labor and health insurance and group accident insurance.

(3) Free health check every year.

(4) Uniforms for plant personnel every year.

(5) The plant provides three meals free of charge, and there are central air-conditioned suite-style dormitories.
(6) The plant has an activity center and provides a number of leisure and entertainment facilities.

5.5.1.2 Employee compensation

(1) In accordance with the company's regulations QP-H-14 Year-end Bonus and Employee Compensation Payment Method, disbursed according to the profit status of the current year.
(2) According to the company's articles of association, if there is a profit in the company's annual final accounts, after retaining the amount to make up the accumulated loss, 2% shall be allocated as employee compensation, which shall be distributed after the resolution of the board of directors.
(3) In terms of salary payment, it is based on long-term stable development, product quality and efficiency, competitiveness in the industry and the company’s ability to pay, and consider the degree of price increase and plan the salary adjustment range.
(4) Remuneration for management and professionals is assessed and evaluated by the management based on the unit contribution and personal work performances distribute project incentives.
(5) Promotion or salary adjustment based on individual performance to motivate employees.
(6) Improve business performance to ensure the competitiveness of employees' salary levels. In May 2021, a company-wide salary adjustment was carried out by about 4% to maintain the overall salary competitiveness.

5.5.1.3 Employee leave

In compliance with the provisions of the Labor Standards Law and the company's regulations QP-H-03 Practitioners’ Work Rules. Employees are entitled to various vacations as required by law.

5.5.1.4 Staff training

In order to comply with the company's long-term development and improve the quality of employees, the company has formulated the "Training Management Measures" and built it into the ERP system, and planned the following talent training courses for pre-employment and on-the-job training：

General training：	Company profile and cultural concept introduction... and other training.
Professional training：	Management system, relevant laws and regulations and professional knowledge, etc.
Management training：	Company organization and industry introduction, product knowledge, cost concept, computer system introduction, quality system promotion, etc.
Work safety training：	Labor safety and hygiene, fire protection, environmental protection, emergency response, etc.

The company's actual number of employees participating in on-the-job training in 2021 totaled 7,728 person-times (including internal and external training courses). The implementation status is as follows：

Training nature	Training course	Total attendees	Total hours	Total cost (NT$)
On-the-job training	Professional training course	2,135	4,953	70,410
	Management training course	40	102	20,600
	Work safety training course	5,038	13,601	264,608
Pre-employment training	Professional training course	160	30,628	0
Pre-employment training	Professional training course	0	0	0
	Management training course	3	24	0
	General training course	138	264	0
	Work safety training course	214	576	0
Total		7,728	50,148	355,618

5.5.1.5 Retirement system and implementation status

(1) Retirement System

①In accordance with the provisions of the Labor Standards Act, the company formulated employee retirement measures and established the "Labor Pension Supervision Committee" to implement employee retirement matters, and handles employee retirement in accordance with Articles 53 to 58 of the Labor Standards Act (eligibility for application, allocation, supervision, etc.). In addition, 2.5% of the total salary paid is deposited on a monthly basis in the "Special Account for Labor Pension Fund" of the Trust Department of Bank of Taiwan, and pension liabilities are provided according to the actuarial assessment report on pension.

②According to the latest "Labor Pension Act" of May 15, 2019, for employees who choose the new pension system after July 1, 2005, 6% of the total salary will be allocated to the employee pension account established at the Labor Insurance Bureau on a monthly basis, and the employee may apply for a withdrawal at his/her discretion.

(2) Implementation status

①On January 1, 2021, the balance of the special account for labor retirement reserve at Bank of Taiwan was NT$12,947 thousand.

②In 2021, a total of NT$9,906 thousand of the old-system pension for 11 was paid by the special account for labor retirement reserve at Bank of Taiwan.

③At the end of 2021, the account reserve fund at Bank of Taiwan was NT$9,756 thousand.

5.5.1.6 Agreement between labor and management：None.

5.5.1.7 Status of various employee right protection measures

(1) Employee safety and hygiene maintenance measures：

①To strengthen the personnel hazard awareness training, the Occupational Safety Office plans to conduct 6 occupational safety, hygiene and health care-related courses in each plant area for every two months, and the targets are foreign employees and supervisors in the plant. The course content includes workplace hazard identification and prevention, safety and hygiene practice management, occupational disaster case analysis and advocacy, cardiovascular disease prevention, and training of first-aid personnel in the plant, etc. to enhance the safety behavior and awareness of all employees and reduce the occurrence of occupational disasters.

②Severe special infectious pneumonia (COVID-19) prevention management measures：

Training - Disseminating information to the staff about epidemic prevention and the company's corresponding measures.

Disinfection of the plant area -The public areas of the plant and dormitories are disinfected twice a week.

Health tracking - For the staff who have a history of foreign travel/related contact history/(COVID-19) symptoms, tracking management and related health education are carried out to avoid cluster infections in the plant.

③To prevent casualties when disasters occur, firefighting and disaster prevention drills for public hazardous goods are conducted in each plant area every six months to ensure that the workers have the survival skills and emergency response measures when disasters occur in order to protect their own safety.

④Work environment measurement (noise, illuminance, carbon dioxide, organic or specialized substances, etc.) and drinking water quality testing are carried out for the workplace environment of employees every six months.

⑤For the health of employees, health management procedures are formulated which are superior to the laws and regulations; a health check and a health check for special operations are conducted every year, and health management is implemented.

(2) In order to maintain gender equality in work and provide employees with a working and service environment free from sexual harassment, the prevention

and treatment measures for sexual harassment incidents are formulated for all employees to follow.

5.5.1.8 Licenses obtained by financial and IT related personnel：None.

5.5.2 List the losses incurred due to labor disputes in the most recent year and up to the date of publication of the annual report (including labor inspection results that violate the Labor Standards Act, the date of punishment, the punishment code, the article numbers of legal provisions violated, the contents of the legal provisions, and the content of punishment), and disclose the estimated amount and corresponding measures that may occur currently and in the future：

The company has not suffered any losses due to labor disputes, and there is no risk of disputes based on the current situation. In 2011, no fines were imposed for violation of labor inspection determinations. The company has been fully coordinating with employees based on the belief of caring for employees and sharing benefits, in order to maintain the current good labor relations.

5.6 Information Security Management

5.6.1 The management strategy and structure of cyber security：

5.6.1.1 The risk management framework of cyber security

(1) The governance organization of enterprise information security

In order to strengthen the operations of internal information security management, ensure the confidentiality, integrity and availability of information assets and continue providing reliable information services and environments , the company formulated information security policy to keep from internal and external intentional or accidental information security events threats.

① The Information Department of the company is the competent authority for information security, and it is responsible for planning, formulating information security policies, and performing information security operations, implementing policies as well.

② The audit office of the company is the supervisory unit of information security supervision and responsible for checking the performance of internal information security regularly. If relevant deficiencies are found, the audited unit shall be required to propose specific improvement plans and continue to track the improvement results in order to reach the purpose of reducing internal information security risks.

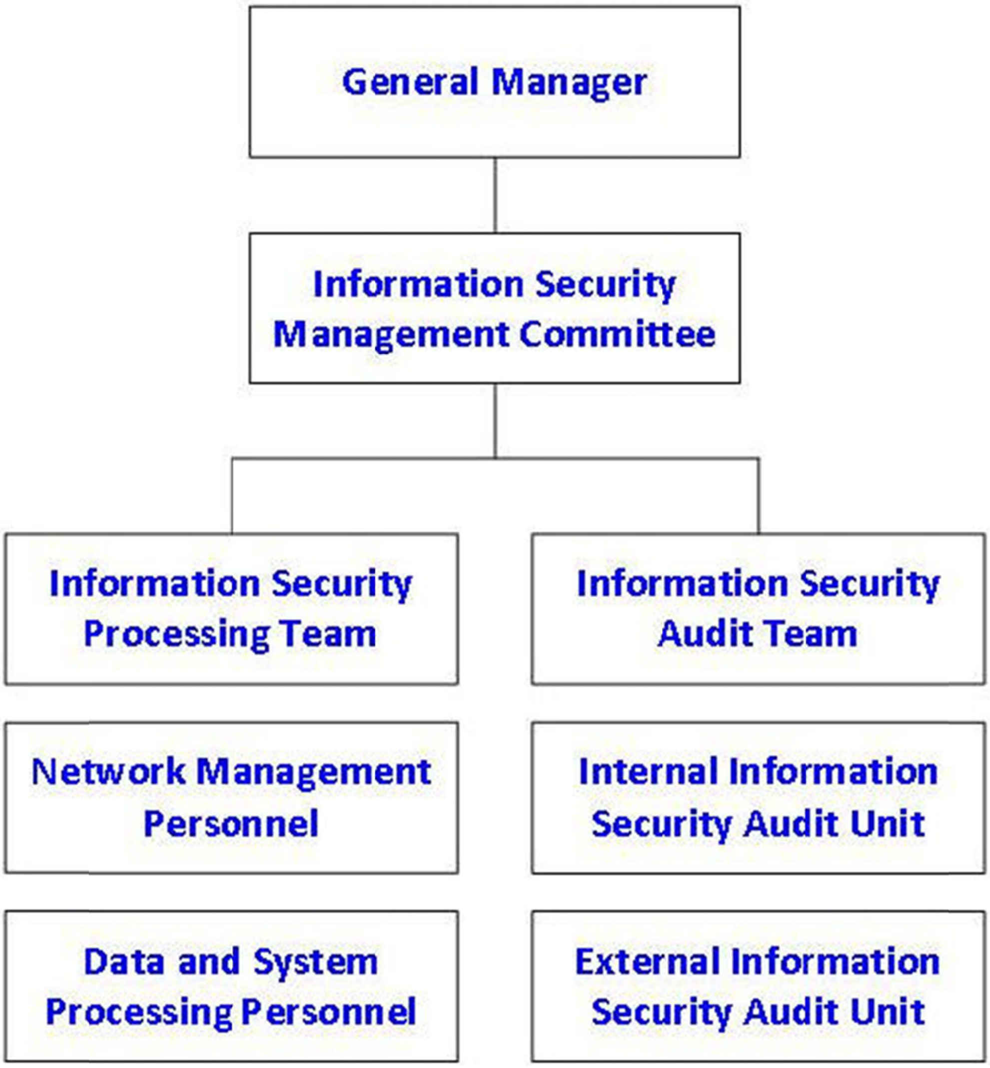
③ The PDCA (Plan-Do-Check-Action), organizational management cycle mechanism, is applicant for the information security policy to ensure that the applicability and reliability of the information security policy shall be achieved and can be continuously improved.

④The "Information Security Management Committee”, established by the company in 2022, is expected to strengthen information security management of the company and ensure the system and network security.

⑤The "Information Security Management Committee" shall be responsible for reviewing information security governance policies, supervising the operation of information security management, constructing an information security protection mechanism, enhancing information security awareness of the colleague, and assessing information security risks regularly.

⑥The vice president of the Management Department serves as the convener of the "Information Security Management Committee”, and the members of the committee are composited of the senior executives of each unit. The meeting shall be held regularly to process decision-making, management and promotion of information security affairs.

(2) The Framework of Enterprise Information security organization of the Company



5.6.1.2 Cyber Security Policy

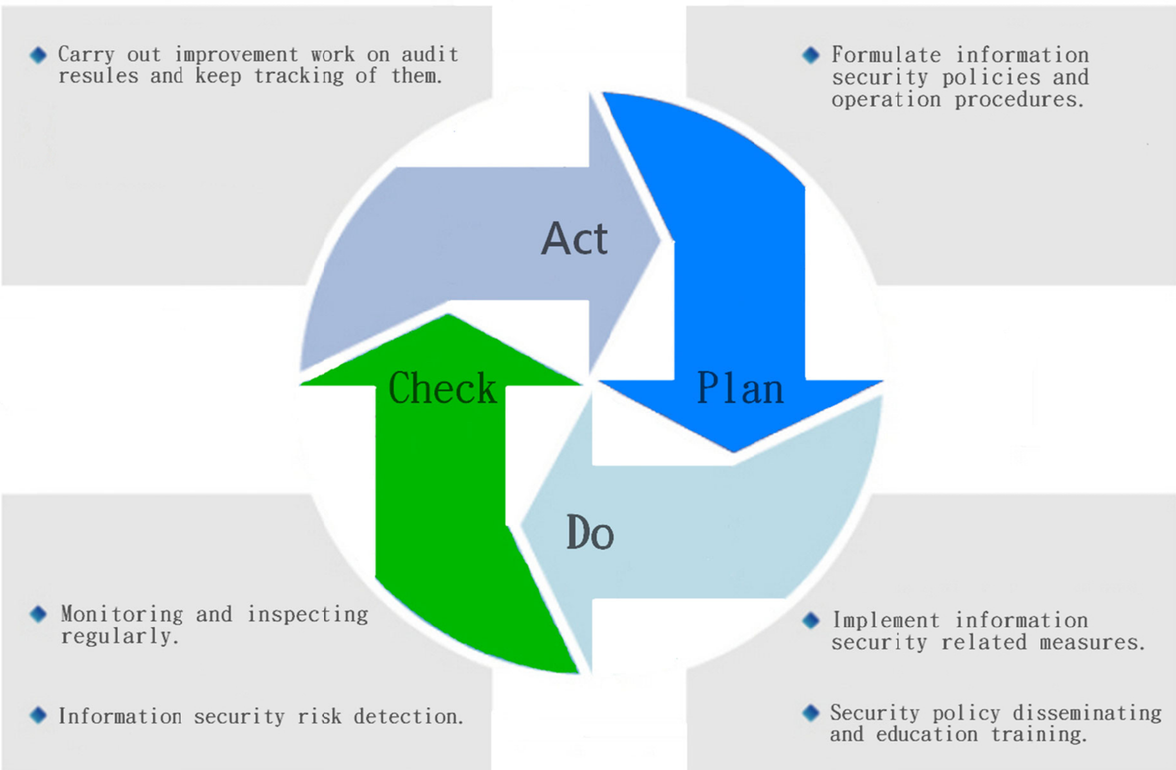
(1) Enterprise Information Security Management Policy and Framework

①The company pays attention to information security risk management, and reduces enterprise information security threats from the system, technical and procedural aspects. In order to prevent diverse internal and external information security threats, various information security protection systems are built to improve the security of the overall information environment.

②The company has formulated a number of information security specifications and systems to regulate personnel's behavior for information security. We regularly review whether the relevant systems are conformed to the changes of the business environment, and make adjustments according to the requirements at the right moment.

③The company regularly reviews and implements improvement actions including information security measures, training and dissemination. The effect of these actions is to ensure that the company's important confidential information is not leaked, and implement personnel information security management measures.

(2) Enterprise information security risk management and continuous improvement framework



(3) Specific management plan

In order to improve information security risk management, the company has not only issued an "Information Security Rules Announcement" to employees, but also used the following regulations as information security management measures：

Items	Description	Action
Computer Room	✚ Computer room access control ✚ Computer room environmental management	➢ Personnel entry and exit control and record ➢ Computer room air conditioner temperature and humidity control ➢ Uninterrupted Power System Setup ➢ The inspection and education of equipment and fire safety ➢ Management and maintenance of Information appliance.
System Security	✚ System Status Monitoring and abnormality alerting ✚ Database management ✚ Disaster drill on system	➢ System and Network status Monitoring and exception handling ➢ Optimization and backup of database regularly ➢ System virtualization and remote backup. ➢ Performance disaster drill on host computer backup plan regularly.
Access control	✚ Employee access data control	➢ Permission setting ➢ Account Management ➢ USB port usage control ➢ External Mail access control
Network security	✚ The installation of protection device	➢ The establishment and update of firewall and spam filtering ➢ Regular update on virus code ➢ P2P and remote connection program control
The education training and dissemination to the employee	✚ Enhance concept of employee information security ✚ Promote alertness of employee for information security	➢ Enhance implementation of professional information security education training ➢ Process dissemination of information security irregularly

(4) Resource investment in cyber security management

①Evaluate enterprise information security related insurance to build multiple risk protection net.

②Use existing human resources to establish the "Information Security Management Committee” actively in order to enhance the awareness of the internal information security management of this company.

③Conduct “Vulnerability scanning”, “Penetration Testing”, “Social Engineering drill” in order to make complete information security risk assessment.

④Strengthen data security backup and update information security equipment continually.

5.6.2 Information security risks and countermeasures：

5.6.2.1 Information technology security risks and management measures

(1) The company establishes comprehensive information security protection measures about network and computer actively and reviews and evaluates information security regulations and procedures to ensure appropriateness and effectiveness continuously.

(2) Facing the malicious attack and intrusion which might interfere with the operation and confronting the behavior of extortion, the company shall implement and update relevant measures continuously, such as： strengthening firewall and network control, deploying endpoint antivirus software, detecting and preventing malware, increasing phishing email detection and spam email filtering; the company shall also implement system and data backup operations, conduct regular emergency backup plan drills, and strengthen information security and other protective measures continuously to ensure that the network, system , data security, and the important information service are all working fine.

(3) However, malicious attacks from the hacker continue to introduce innovative methods and technologies through the Internet, and the company has considerable information security protection experience and measures, which can reduce the impact of attack threats.

5.6.3 Major Cyber security incidents：

There was no major information security incident in the recent years.

5.7 Important Contracts：None.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Comprehensive Income Statement

6.1.1.1 Condensed Balance Sheet - International Financial Reporting Standards (IFRS) –Individual

Condensed Balance sheet

Unit： NT$ thousands

Item \ Year		Five-Year Financial Summary 2017	2018	2019	2020	2021	Year-to-date financial information on March 31, 2022
Current assets		5,841,466	5,543,063	3,417,422	3,022,198	4,876,474	The company did not prepare the first quarter of 2022 individual financial report.
Property, plant and equipment		5,525,856	4,856,882	4,746,725	4,735,873	4,715,038	
Intangible assets		1,894	4,334	2,864	1,051	2,133	
Other assets		746,448	1,048,968	1,444,623	1,165,374	1,182,157	
Total assets		12,115,664	11,453,247	9,611,634	8,924,496	10,775,802	
Current liabilities	Before distribution	4,056,429	3,555,483	2,046,791	2,059,440	3,138,170	
	After distribution	4,301,134	3,677,836	2,046,791	2,218,947	(Note)	
Non-current liabilities		296,420	291,775	364,635	339,187	327,322	
Total liabilities	Before distribution	4,352,849	2,411,426	2,411,426	2,398,627	3,465,492	
	After distribution	4,597,554	3,969,611	2,411,426	2,558,134	(Note)	
Equity attributable to shareholders of the parent		7,762,815	7,605,989	7,200,208	6,525,869	7,310,310	
Share capital		6,117,634	6,117,634	6,117,634	5,500,014	5,316,884	
Capital surplus		360,356	360,363	360,397	492,157	398,835	
Retained Earnings	Before distribution	1,284,836	1.136.278	708,722	668,136	1,534,694	
	After distribution	1,040,131	1.013.925	708,722	508,629	(Note)	
Other equity		(11)	(8,286)	13,455	26,138	59,897	
Treasury shares		0	0	0	(160,576)	0	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	7,762,815	7,605,989	7,200,208	6,525,869	7,310,310	
	After distribution	7,518,110	7,483,636	7,200,208	6,366,362	(Note)	

Note： The above-mentioned post-distribution figures are based on the resolutions of the shareholders' meeting of the following year. The company's 2021 profit and surplus distribution has not been approved by the shareholders' regular meeting, so the figures after the distribution are omitted.

6.1.1.2 Condensed Balance Sheet - International Financial Reporting Standards (IFRS) – Consolidated

Condensed Balance sheet

Unit： NT$ thousands

Item \ Year		Five-Year Financial Summary 2017	2018	2019	2020	2021	Year-to-date financial information on March 31, 2022 (Note 1)
Current assets		5,857,299	5,557,162	3,438,193	3,045,069	4,897,722	4,758,966
Property, plant and equipment		5,525,856	4,856,882	4,746,725	4,735,873	4,715,038	4,686,594
Intangible assets		1,894	4,334	2,864	1,051	2,133	2,510
Other assets		734,179	1,039,128	1,431,572	1,144,642	1,161,922	138,847
Total assets		12,119,228	11,457,506	9,619,354	8,926,635	10,776,815	10,615,307
Current liabilities	Before distribution	4,059,993	3,559,742	2,053,313	2,061,579	3,139,025	2,905,172
	After distribution	4,304,698	3,682,095	2,053,313	2,221,086	(Note 2)	0
Non-current liabilities		296,420	291,775	365,833	339,187	327,480	313,583
Total liabilities	Before distribution	4,356,413	3,851,517	2,419,146	2,400,766	3,466,505	3,218,755
	After distribution	4,601,118	3,851,517	2,419,146	2,560,273	(Note 2)	0
Equity attributable to shareholders of the parent		7,762,815	7,605,989	7,200,208	6,525,869	7,310,310	7,396,552
Share capital		6,117,634	6,117,634	6,117,634	5,500,014	5,316,884	5,316,884
Capital surplus		360,356	360,363	360,397	492,157	398,835	398,835
Retained Earnings	Before distribution	1,284,836	1,136,278	708,722	668,136	1,534,694	1,615,188
	After distribution	1,040,131	1,013,925	708,722	508,629	(Note 2)	0
Other equity		(11)	(8,286)	13,455	26,138	59,897	65,645
Treasury shares		0	0	0	(160,576)	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	7,762,815	7,605,989	7,200,208	6,525,869	7,310,310	7,396,552
	After distribution	7,518,110	7,483,636	7,200,208	6,366,362	(Note 2)	0

Note 1： The financial report for the first quarter of 2022 has been reviewed by independence accountants.

Note 2： The above-mentioned post-distribution figures are based on the resolutions of the shareholders' meeting of the following year. The company's 2021 profit and surplus distribution has not been approved by the shareholders' regular meeting, so the figures after the distribution are omitted.

6.1.1.3 Comprehensive Income Statement - International Financial Reporting Standards (IFRS) - Individual

Condensed Comprehensive Income Statement

Unit： NT$ thousands

Item \ Year	Five-Year Financial Summary					Year-to-date financial information on March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	14,948,278	15,823,816	11,809,718	7,649,087	11,202,972	The company did not prepare the first quarter of 2022 Individual financial report.
Gross profit (Loss)	830,737	470,826	(28,927)	70,722	1,210,552	
Net operating income (Loss)	327,080	(23,221)	(446,742)	(285,297)	645,113	
Non-operating income and expenses	81,700	131,278	114,776	250,205	359,455	
Income (Loss) before tax	408,780	108,057	(331,966)	(35,092)	1,004,568	
Continuing operations net income (Loss)	361,315	89,979	(302,638)	(40,115)	920,077	
Loss of discontinuing operations	0	0	0	0	0	
Net income (Loss)	361,315	89,979	(302,638)	(40,115)	920,077	
Total other comprehensive income (loss) (Net, after tax)	4,787	(50,214)	19,176	12,212	33,409	
Total comprehensive income	366,102	39,765	(283,462)	(27,903)	953,486	
Net profit attributable to shareholders of the parent	361,315	89,979	(302,638)	(40,115)	920,077	
Net profit attributed to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributed to owners of the parent	366,102	39,765	(283,462)	(27,903)	953,486	
Comprehensive income attributable to non-controlling shareholders	0	0	0	0	0	
Earnings (Loss) per share (Note)	0.59	0.15	(0.49)	(0.07)	1.73	

Note： Earnings per share is calculated based on the weighted average number of common stocks in circulation throughout the year. Earnings per share or previous year’s earnings per share shall be adjusted retrospectively by the transfer of surplus or capital reserve to capital increase.

6.1.1.4 Comprehensive Income Statement - International Financial Reporting Standards (IFRS) – Consolidated

Condensed Comprehensive Income Statement

Unit： NT$ thousands

Item \ Year	Five-Year Financial Summary					Year- to-date financial information on March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	14,974,969	15,832,053	11,841,377	7,675,607	11,218,513	2,821,857
Gross profit (Loss)	836,492	476,473	(15,267)	84,463	1,221,952	257,782
Net operating income (Loss)	321,023	(26,040)	(441,126)	(279,614)	647,895	112,411
Total non-operating income and expenses	87,802	134,256	109,375	244,812	356,582	3,406
Income (Loss) before tax	408,825	108,216	(331,751)	(34,802)	1,004,477	115,817
Net loss other comprehensive income (Loss)	361,315	89,979	(302,638)	(40,115)	920,077	80,494
Loss of discontinuing operation	0	0	0	0	0	0
Net income	361,315	89,979	(302,638)	(40,115)	920,077	80,494
Total other comprehensive income (loss) (Net, after tax)	4,787	(50,214)	19,176	12,212	33,409	5,748
Total comprehensive income	366,102	39,765	(283,462)	(27,903)	953,486	86,242
Net profit attributed to shareholders of the parent	361,315	89,979	(302,638)	(40,115)	920,077	80,494
Net profit attributed to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributed to owners of the parent	366,102	39,765	(283,462)	(27,903)	953,486	86,242
Comprehensive income attributable to non-controlling shareholders	0	0	0	0	0	0
Earnings (Loss) per share (Note 2)	0.59	0.15	(0.49)	(0.07)	1.73	0.15

Note 1： The financial report for the first quarter of 2022 was reviewed by independence accountants.

Note 2： Earnings per shares are calculated on the basis of the weighted average number of common stocks in circulation throughout the year. Earnings per share for previous years are retrospectively adjusted by surplus or capital reserve transfer.

6.1.2 Names of auditors and audit opinions for the most recent 5 years

Year	2017～2020	2021	Q12022
CPA	HSIAO, YING CHIA	HSIAO, YING CHIA	HSIAO, YING CHIA
	LIN, MEI-LING	LIN, CHIH-LUNG	LIN, CHIH-LUNG
Audit Opinion	Unqualified Opinion Audit Report	Unqualified Opinion Audit Report	Reserved Conclusion Review Report

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – International Financial Reporting Standards (IFRS) - Individual

Item	Year	Five-Year Financial Summary 2017	2018	2019	2020	2021	As of March 31,2022
Financial structure (%)	Liabilities to assets ratio	35.93	33.59	25.09	26.88	32.16	The company did not prepare the first quarter of 2022 individual financial report.
	Long-term capital to property, plant and equipment ratio	145.85	162.61	159.37	144.96	161.98	
Solvency (%)	Current ratio	144.01	155.90	166.96	146.75	155.39	
	Quick ratio	81.14	88.15	86.59	93.80	82.72	
	Interest coverage ratio (times)	29.11	6.76	(18.59)	(2.09)	73.25	
Operating performance	Accounts receivable turnover (times)	6.11	6.43	6.56	6.22	7.75	
	Days sales outstanding	60	57	56	59	47	
	Inventory turnover (times)	6.50	5.96	5.38	5.17	5.72	
	Accounts payable turnover (times)	10.79	12.75	16.75	16.27	15.14	
	Average inventory turnover days	56	61	68	71	64	
	Property, plant and equipment turnover (times)	2.61	3.05	2.46	1.61	2.37	
	Total assets turnover (times)	1.27	1.34	1.12	0.83	1.14	
Profitability	Return on assets (%)	3.16	0.89	(2.74)	(0.33)	9.45	
	Return on equity (%)	4.71	1.17	(4.09)	(0.58)	13.30	
	Pre-tax income to paid-in capital (%)	6.68	1.77	(5.43)	(0.64)	18.89	
	Ratio of net income (%)	2.42	0.57	(2.56)	(0.52)	8.21	
	Earnings per share (NT$)	0.59	0.15	(0.49)	(0.07)	1.73	
Cash flow	Cash flow ratio (%)	4.71	11.52	85.03	48.18	2.21	
	Cash flow adequacy ratio (%)	133.21	154.07	120.78	134.08	78.72	
	Cash reinvestment ratio (%)	0.04	0.97	9.51	5.90	(0.50)	
Leverage	Operating leverage	5.04	(68.43)	(3.72)	(5.91)	2.89	
	Financial leverage	1.05	0.55	0.96	0.96	1.02	

Analysis of financial ratio differences for the past two years. (Not required if the difference does not exceed 20%)

1. The Interest coverage ratio increased by 3608%, which was due to the increase in profit before tax in the current period.
2. The operating performance increased, which was due to the increase in net sales during the period.
3. Increase in profitability ratios, which was due to the raw material price raised up and marked up to goods sales price, gain on inventory costs between time differences, have good profit in current period.
4. The cash flow ratio and cash reinvestment ratio decreased, which was due to the decrease in net cash flow from operating activities in the current period.
5. The operating leverage increased by 149%, which was due to the increase in revenue during the current period and the increase in fixed operating costs and other ratios.

6.2.2 Consolidated Financial Analysis – International Financial Reporting Standards (IFRS) - Consolidated

Item	Year	Five-Year Financial Summary 2017	2018	2019	2020	2021	As of March 31,2022
Financial structure (%)	Liabilities to assets ratio	35.95	33.62	25.15	26.89	32.17	30.32
	Long-term capital to property, plant and equipment	145.85	162.61	159.39	144.96	161.99	164.51
Solvency (%)	Current ratio	144.27	156.11	167.45	147.71	156.03	163.81
	Quick ratio	81.18	87.88	86.70	94.28	82.91	81.43
	Interest coverage ratio (times)	29.12	6.76	(18.54)	(2.06)	73.23	32.28
Operating performance	Accounts receivable turnover (times)	6.20	6.52	6.70	6.36	7.87	7.46
	Days sales outstanding	59	56	54	57	46	49
	Inventory turnover (times)	6.47	5.92	5.35	5.14	5.68	4.27
	Accounts payable turnover (times)	10.80	12.75	16.76	16.28	15.14	12.67
	Average inventory turnover days	56	62	68	71	64	85
	Property, plant and equipment turnover (times)	2.61	3.05	2.47	1.62	2.37	2.40
	Total assets turnover (times)	1.27	1.34	1.12	0.83	1.14	1.06
Profitability	Return on assets (%)	3.16	0.89	(2.74)	(0.33)	9.45	0.78
	Return on equity (%)	4.71	1.17	(4.09)	(0.58)	13.30	1.09
	Pre-tax income to paid-in capital (%)	6.68	1.77	(5.42)	(0.63)	18.89	2.18
	Ratio of net income (%)	2.41	0.57	(2.56)	(0.52)	8.20	2.85
	Earnings per share (NT$)	0.59	0.15	(0.49)	(0.07)	1.73	0.15
Cash flow	Cash flow ratio (%)	4.67	11.45	85.20	47.83	2.20	6.07
	Cash flow adequacy ratio (%)	133.69	154.24	121.43	134.84	78.72	99.25
	Cash reinvestment ratio (%)	0.04	0.95	9.56	5.86	(0.50)	0.9
Leverage	Operating leverage	5.22	(61.32)	(3.84)	(6.12)	2.90	3.11
	Financial leverage	1.05	0.58	0.96	0.96	1.02	1.03

Analysis of financial ratio differences for the past two years. (Not required if the difference does not exceed 20%)

1. The Interest coverage ratio increased by 3655%, which was due to the increase in profit before tax in the current period.
2. The operating performance increased, which was due to the increase in net sales during the period.
3. Increase in profitability ratios, which was due to the raw material price raised up and marked up to goods sales price, gain on inventory costs between time differences, have good profit in current period.
4. The cash flow ratio and cash reinvestment ratio decreased, which was due to the decrease in net cash flow from operating activities in the current period.
5. The operating leverage increased by 147%, which was due to the decrease in revenue during the current period and the increase in fixed operating costs and other ratios.

Note 1：The fiscal year not yet audited by the independent auditors shall be indicated.

Note 2：Publicly listed company or companies with stocks traded at securities firm business places shall also incorporate the financial information up to the quarter before the printing date of the annual report for that year into analysis.

Note 3：Calculation formulas as follows：

1.Financial structure

(1) Debt to asset ratio = Total liabilities / Total assets

(2) Long-term capital to property, plant & equipment ratio = (Total equity + non-current liabilities) / net property, plant & equipment.

2.Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.

(3) Times interest earned = net profit before interest and tax / interest expenses for the current period.

3. Management capacity

(1) Receivables turnover ratio (including account receivables and note receivables from operating activities) = net sales / average receivables balance (including account receivables and note receivables from operating activities).

(2) Average collection days = 365 / receivables turnover ratio.

(3) Inventory turnover ratio = cost of sales / average inventory.

(4) Payables turnover ratio (including account payables and note payables from operating activities) = cost of sales / average payables balance (including account payables and note payables from operating activities).

(5) Days sales outstanding = 365 / Inventory turnover ratio.

(6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on assets = (net Income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income / average equity.

(3) Net profit margin = net Income / net Sales

(4) Earnings per share = (net profit or loss attributed to shareholders of the parent - preference dividend) / weighted average number of shares outstanding (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities

(2) Cash flow adequacy ratio = five-year sum of cash from operations / five-year (sum of capital expenditures, inventory additions, and cash dividend)

(3) Cash reinvestment ratio = (net cash provided by operating activities - cash dividends)/ (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5)

6. Leverage：

(1) Operating leverage = (net operating revenue - operating variable cost and expense) /operating income (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses)

Note 4：The aforementioned calculation equation for earnings per share, please be aware of the following during the measurement：

1. It is calculated based on the number of weighted average outstanding common shares, rather than based on the number of shares already issued by the end of year.
2. For cash capital increase or treasury shares transactions, the circulation period has been considered in order to calculate the number of weighted average shares.
3. For earning converting into capital increase or capital surplus converting into capital increase, during the calculation of the earning per share for the previous year and semi-annually, retroactive adjustment has been made according to the ratio of the capital increase, but the issuance period of the capital increase is not yet considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are paid out) should be deducted from the net profit after tax, or net loss after tax increased. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5：During the measurement of the cash flow analysis, please be aware of the following：

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expense refers to the cash outflow of capital investment in each year.
3. Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory at the end of year decreases, then it is counted as zero for the calculation.
4. Cash dividends include the cash dividends of common stocks and preference shares.
5. Gross property, plant and equipment refer to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6：Issuer shall classify the operating cost and operating expense into fixed and variable. In case where estimation or subjective judgment is involved, issuer shall be aware of its reasonability and shall maintain the consistency of such cost and expense.

Note 7：If the company’s stock has no denomination or the denomination per share is not NT$10, the calculation of the ratio of paid-in capital in the previous disclosure will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

6.3 Audit Committee's Report for the Most Recent Year

Zig Sheng Industrial Co., Ltd.

Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the "Consolidated Financial Statements" and "Parent Company Only Financial Statements" of year 2021, which has been verified and signed by CPA Hsiao, Ying-Chia and Lin, Chin Lung of Crowe (TW) CPAs. Together with the Business Report and the Distribution of Profits, the Audit Committee finds that there is no discrepancy. Therefore, the Board of Directors of the Company has prepared a report in accordance with the provisions of the "Securities and Exchange Act" and the "Company Act" for inspection.

To The 2022 Annual Meeting of Shareholders of Zig Sheng Industrial Co., Ltd.

The Convener of the Audit Committee: Ou, Yu-Lun

Date：March 11, 2022

6.4 Financial statement for the most recent fiscal year：Please refer to page 158-259.

6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA：Please refer to page 260-354.

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report：None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit： NT$ thousands

Item \ Year	2020	2021	Variance	
			Amount	%
Current assets	3,045,069	4,897,722	1,852,653	60.84
Property, plant and equipment	4,735,873	4,715,038	(20,835)	(0.44)
Other Non-Current Assets	1,145,693	1,164,055	18,362	1.60
Total assets	8,923,635	10,776,815	1,850,180	20.73
Current liabilities	2,061,579	3,139,025	1,077,446	52.26
Other Non-current liabilities	339,187	327,480	(11,707)	(3.45)
Total liabilities	2,400,766	3,466,505	1,065,739	44.39
Share capital	5,500,014	5,316,884	(183,130)	(3.33)
Capital Surplus	492,157	398,835	(93,322)	(18.96)
Retained Earnings	668,136	1,534,694	866,558	129.70
Other equity	26,138	59,897	33,759	129.16
Total equity	6,525,869	7,310,310	784,441	12.02

Note： The above financial data for each year has been checked and approved by independence accountants.

The main reasons and effects of major changes in assets, liabilities and equity in the last two years：

7.1.1 Current Assets

The reason for the increase in the proportion of changes was mainly due to the increase in financial assets, accounts receivable and net inventories.

7.1.2 Total Assets

The reason for the increase in the change ratio is the same as that of current assets.

7.1.3 Current Liabilities

The reason for the increase in the proportion of changes was mainly due to the increase in bank borrowings and accounts payable.

7.1.4 Total Liabilities

The reason for the increase in the change ratio is the same as that of current liabilities.

7.1.5 Retained Surplus

The reason for the increase in the percentage of change was mainly due to the increase in net profit after tax in the current period.

7.1.6 Other Rights

The reason for the increase in the proportion of changes was mainly due to the increase in the unrealized evaluation benefits of financial assets measured at fair value through other comprehensive gains and losses.

7.2 Analysis of Financial Performance

Unit： NT$ thousands

Item \ Year	2020	2021	Variance	%
Operating revenue	7,675,607	11,218,513	3,542,906	46.16
Operating costs	7,591,144	9,996,561	2,405,417	31.69
Gross profit	84,463	1,221,952	1,137,489	1,346.73
Operating expenses	364,077	574,057	209,980	57.67
Net Operating Income (Loss)	(279,614)	647,895	927,509	331.71
Non-operating income and expenses	244,812	356,582	111,770	45.66
Income(Loss) before tax	(34,802)	1,004,477	1,039,279	2,986.26
Income tax expense (or benefit).	(5,313)	(84,400)	(79,087)	1,488.56
Net Income (Loss)	(40,115)	920,077	960,192	2,393.60
Other comprehensive income	12,212	33,409	21,197	173.58
Total comprehensive income(Loss)	(27,903)	953,486	981,389	3,517.15

Note： The above financial data for each year has been checked and approved by independence accountants.

7.2.1 The annual report shall list the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years：

7.2.1.1 Operating Revenue

The reason was due to the pandemic slowdown and well adjustments of products construction, inforcing the specific products sale, increase much more operating revenue in the current period.

7.2.1.2 Operating Costs

The reason was due to increasing sales and raising prices of raw material, resulting operating costs increase in current period.

7.2.1.3 Gross Profit

The price of nylon raw material CPL has been on the rise since the third quarter of 2020. Due to the smooth transfer of the price and the spread of low-priced inventory, the operating gross profit in the current period has increased significantly.

7.2.1.4 Operating Expenses

The reason of increasing operating expenses was sales increase and sea freight raisen sharply in current period.

7.2.1.5 Net Operating Income

The reason for the increase of the change ratio was the same as the explanation of gross profit.

7.2.1.6 Non-operating income and expenses

The reason was due to increasing gain on disposal of investments.

7.2.1.7 Income (loss) before tax

The reason for the increase of the change ratio is the same as the explanation of gross profit.

7.2.1.8 Income tax expense (or benefit).

The reason for the increase in the percentage of change is the decrease in income tax benefits arising from the deduction of losses.

7.2.1.9 Net Income (loss)

The reason for the increase of the change ratio is the same as the explanation of gross profit and non-operating income and expenses.

7.2.1.10 Other comprehensive income

The reason for the increase of change was mainly due to the increase in the unrealized evaluation benefits of equity instrument investments measured at fair value through other comprehensive gains and losses.

7.2.1.11 Total comprehensive income (loss)

The reason for the increase of the change ratio was the same as the explanation of gross profit and non-operating income and expenses.

7.2.2 Analysis of operating margin changes

Unit： NT$ thousands

<table>
<tr><td rowspan="3">Gross profit</td><td rowspan="2">Early and late increase Minus changes</td><td colspan="4">Variance</td></tr>
<tr><td>Selling price</td><td>Cost price</td><td>Sales mix</td><td>Sales quantity</td></tr>
<tr><td>1,137,489</td><td>2,658,173</td><td>(1,575,455)</td><td>46,111</td><td>8,660</td></tr>
<tr><td>Explain</td><td colspan="5">The reason is that the price of nylon raw material CPL has risen since the third quarter in 2020, and the product structure has been effectively adjusted and the sales of special products have been strengthened, as a result of the substantial increase in profit in the fourth quarter and an increase in gross profit.</td></tr>
</table>

7.2.3 The reasons for the changes in the company’s main business content or if major changes in operating policies, market conditions, economic environment, or other internal and external factors have occurred or are expected to occur, the facts and impact changes and the possible impact on the company’s future financial operations and Response plan：None.

7.2.4 The expected sales volume in the next year and its basis, and the company's expected sales volume to continue to grow or decline, the main factors affecting：

The company has not disclosed its 2022-year financial forecast, so it does not intend to disclose the expected sales volume.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year (2021)

Unit： NT$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
70,398	69,213	(68,163)	71,448	0	0

7.3.1.1 Analysis of cash flow changes：

(1) Operating activities：

Operating activities are cash inflows from changes in inventory and accounts of operating activities.

(2) Investment activities：

Investment activities are capital expenditures for property, plant and equipment.

(3) Financing activities：

Financing activities are cash outflows for repayment of short-term loan.

7.3.1.2 Remedial measures for insufficient cash and liquidity analysis：Not applicable.

7.3.2 Cash Flow Analysis for the Coming Year (2022)

Unit ： NT$ thousands

Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
71,448	1,180,000	(1,025,000)	226,448	0	0

Description：

7.3.2.1 Operating activities： Operating activity is the expected inflow of profit and depreciation in the next year.

7.3.2.2 Investment and financing activities： Investment and financing activities are expected outflows of investment and financing and cash dividend in the next year.

7.3.2.3 Remedial measures for insufficient cash and liquidity analysis： Not applicable.

7.4 Major Capital Expenditure Items and Source of Capital

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit： NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Capital Expenditure		
				Actual		
				2019	2020	2021
PET-POY equipment L5 L6	Equity Capital	December 2020	690,000	600,000	90,000	0
PET-POY equipment L7 L8	Equity Capital	March 2021	265,000	13,000	236,000	16,000

7.4.2 The impact of expected benefits on financial business：

7.4.2.1 Ensure that the raw material source of polyester textured yarn is sufficient, and take advantage of the consistent advantages and benefits of the self-owned false twist factory.

7.4.2.2 Increasing opportunities for brand integration can also increase the development of environmentally friendly products.

7.4.2.3 Improve the efficiency of existing spinning and weaving production capacity, reduce product costs, and increase company profits.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Reinvestment policy for the most recent year

The company's reinvestment is based on its own industry and the purpose of vertical integration above and downstream and related to market development Investment.

7.5.2 Analysis of reinvestment loss and improvement plan

The investment gains and losses recognized by the equity method based on the shareholding ratio are summarized as follows：

Unit： NT$ thousands

Invested company	2020	2021
ZIS Holding Co., Ltd.in Republic of Mauritius	0	0
Nicest Int’L Trading Corp. in Independent State of Samoa	2,879	1,625
Ding Sheng Material Technology Co., Ltd. in Taiwan	2,179	(757)
Total	5,058	868

7.5.2.1 ZIS Holding Co.,Ltd.in Republic of Mauritius

(1) It is a 100% foreign invested company invested by the company. The company’s investment of 5,400,000 shares, USD1.00 per share, totaling USD5,400,000, has been reviewed by the Investment Review Committee of the Ministry of Economic Affairs on August 1, Republic of China. The letter No. 091018941 was approved for filing. Due to continuous losses, the total assets, total liabilities and net assets as of December 31, 2016 and 2015 were all 0, and the company did not have any revenue or expense amount during the opening period.

(2) For information on reinvesting in Mainland China Kunshan Liyi Textile Co., Ltd., please refer to Note 13 (3) Disclosure of Mainland China Investment Information in the 2021 Financial Report.

7.5.2.2 Nicest Int’L Trading Corp. in Independent State of Samoa

(1) It is a 100% foreign invested company invested by the company. The company’s investment in this company is 300,000 shares, USD1.00 per share, totaling USD300,000. It has been reviewed by the Investment Review Committee of the Ministry of Economic Affairs on December 12, 2013. Letter No. 10200461630 was approved and filed; currently actively diversifying the development of various product sales to increase operating benefits.

(2) For information on reinvestment in Suzhou Hongyousheng Trading Co., Ltd., please refer to Note 13(3) Disclosure of Mainland China Investment Information in the 2021 Financial Report.

7.5.2.3 Ding Sheng Material Technology Co., Ltd. in Taiwan

(1) It is a 100% invested company established by the company. The company invested 1,500,000 shares in the company at NTD 10 per share, totaling NT 15 million. It was approved by the Taipei City Government on August 4, 2014, No. 10386394410 The letter of approval and registration is still in the expansion stage. The company reinvested 200,000 shares, USD1.00 per share, totaling USD200,000, which was approved by the Ministry of Economic Affairs Investment Review Committee on December 28, 2015 by the Second Approval Letter No. 10400327980; engaged in general import trading and re-active Open up the market to increase operating profit.

(2) For information on reinvestment in DING SHENG MATERIAL TECHNOLOGY CORPORATION in the United States, please refer to the disclosure of relevant information on reinvestment business in Note 13 (3) of the 2021 financial report.

7.5.3 Investment plan for the next year：None.

7.6 Analysis of Risk Management

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

7.6.1.1 Interest rate

As the company regularly evaluates the trend of interest rate changes and makes timely responses, it is expected that no significant market interest rate changes will be occurred. If the market interest rate increases/decreases by 10 basis points, and all other factors remain unchanged, the net profit of the company from January 1 to December 31, 2021 and 2020, will decrease /increase by NT$ 1,284 thousand and NT$ 993 thousand respectively.

7.6.1.2 Foreign exchange rates

The sensitivity analysis of the company's exchange rate risk mainly focuses on the main foreign currency monetary items and non-monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the company's profit and loss and equity. The company’s exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar. When the U.S. dollar appreciates/depreciates by 1%, the company’s net profit after tax from January 1 to December 31, 2021 and 2020 will increase/decrease by NT$ 1,736 thousand and NT$ 2,578 Thousand respectively.

In addition, the Group’s monetary items recognized foreign currency unrealized exchange losses from January 1 to December 31, 2021 and 2020, were NT$ 16 thousand and NT$ 1,822 thousand respectively. Due to the wide variety of currencies in foreign currency transactions, it is impossible to the exchange gains and losses are disclosed in foreign currencies, so they are expressed in the form of aggregate amounts.

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The company engages in derivative commodity transactions to avoid exchange rate risks arising from assets and liabilities, and since the company's listing (Republic of 1993), there has never been a case of fund loans to others or external endorsements.

7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work.

7.6.3.1 Compared with polyolefin and polyester petrochemical products, the characteristics of nylon series products have great development potential, but the industrial characteristics and raw material costs are high, and relatively high value-added upgrading technologies are difficult to obtain. In addition to the development of mass production and stable process technology through the integration of upstream and downstream industries, the company will further strengthen its research and development capabilities in forward-looking technologies such as modified polymerization, nano blending and fine spinning. Value, high-performance, differentiated niche raw materials and fiber products to make up for the supply gap in the domestic industry, master key technologies and independent manufacturing capabilities.

7.6.3.2 With the continued fever of global warming, the world’s major economies have actively discussed and planned climate change mitigation policies in the past year, and energy conservation, carbon reduction, and green environmental protection have become the main axis of government governance in the future. The company's "100% PET bottle recycled polyester DTY" product was awarded the green label authorized by the state on March 19, 2009. In the future, it will be more committed to the development of special yarns with high color fastness, which can play a role in energy saving and waste reduction. Appeal. It will also build a packaged module system for sewage recycling and reclaimed water filtration, establish local key components and core technologies, and strengthen the market competitiveness of my country’s industries, which will increase the growth of import substitution rate and not only drive related product industries. Benefit, more effectively achieve the purpose of water recycling and environmental protection.

7.6.3.3 The company's estimated research and development expenses (including equipment investment) this year are NT$60 million.

7.6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

7.6.4.1 The company does not have a production base in the mainland, nor does it claim to be made in China and sold in the United States.

7.6.4.2 The company's products are sold to mainland manufacturers and then sold to the United States as follows：

(1) The company's 2021 revenue was NT$11.22 billion, and the sales amount in mainland China was NT$460 million.

(2) The company's sales of mainland products are processed by customers into fabrics and processed into garments and then sold. The amount of sales to the United States is indeed impossible to calculate, but the impact of Section 301 on the company's finances and business is minimal.

7.6.5 The impact of technological changes (including information security risks) and industry changes on the company's financial business and countermeasures：

Most of the company's products are used for clothing and spinning fibers, with a long product life cycle, and because the products are widely used, they are less susceptible to technological changes and industrial changes.

7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response：None.

7.6.7 Expected benefits and possible risks Assistant Vice Presidentd with any merger and acquisitions, and mitigation measures being or to be taken：None.

7.6.8 Expected benefits and possible risks Assistant Vice Presidentd with any plant expansion, and mitigation measures being or to be taken：None.

7.6.9 Risks Assistant Vice Presidentd with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The company’s main purchases and sales targets are as disclosed in the Operation Overview section of this report

7.6.9.1 Instruction of purchase concentration：

(1) The company has been in the chemical fiber industry for 50 years and has established long-term partnerships with upstream suppliers, and the supply of raw materials is smooth.

(2) The purchase of raw materials is handled by multiple supplies, and the supply sources are all over 20 years of long-term cooperation, so there is no risk of supply shortage caused by concentrated purchases.

7.6.9.2 There is no sales concentration

Too much concentration of sales customers can easily lead to the overall control of production and manufacturing and the deployment of personnel and resources subject to the growth and decline of these customers’ orders. Once any major customer has a financial crisis or bankruptcy, it is easy to cause a whole-body effect, which is easy to cause the company’s operations. Significant risks. In order to reduce the risk of sales concentration, on the one hand, the company pre-set quota limits for individual customers to determine and control the collection of accounts, on the other hand, actively increase the source and region of the customer base to increase revenue and diversify the risk of sales concentration. Reduce the impact of losing a single customer order on company operations.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken：None.

7.6.11 Effect upon and risk to company Assistant Vice Presidentd with any change in governance personnel or top management, and mitigation measures being or to be taken：None.

7.6.12 Litigation or Non-litigation Matters：

7.6.12.1 The company's major litigation, non-litigation or administrative litigation matters in the last two years and so far：None.

7.6.12.2 The company’s directors, supervisors, Presidents and major shareholders with a shareholding ratio of more than 10%, major litigation, non-litigation or administrative disputes in the last two years and up to now：None.

7.6.13 Other important risks and countermeasures：In order to improve information security risk management, the company issued an "Information Security Rules Announcement" in March 2017 for employees to comply with, and the following information security management measures：

Items	Description	Action
Computer Room	✚ Computer room access control ✚ Computer room environmental management	➢ Personnel entry and exit control and record ➢ Computer room air conditioner temperature and humidity control ➢ Uninterrupted Power System Setup ➢ The inspection and education of equipment and fire safety ➢ Management and maintenance of Information appliance.
System Security	✚ System Status Monitoring and abnormality alerting ✚ Database management ✚ Disaster drill on system	➢ System and Network status Monitoring and exception handling ➢ Optimization and backup of database regularly ➢ System virtualization and remote backup. ➢ Performance disaster drill on host computer backup plan regularly.
Access control	✚ Employee access data control	➢ Permission setting ➢ Account Management ➢ USB port usage control ➢ External Mail access control
Network security	✚ The installation of protection device	➢ The establishment and update of firewall and spam filtering ➢ Regular update on virus code ➢ P2P and remote connection program control
The education training and dissemination to the employee	✚ Enhance concept of employee information security ✚ Promote alertness of employee for information security	➢ Enhance implementation of professional information security education training ➢ Process dissemination of information security irregularly

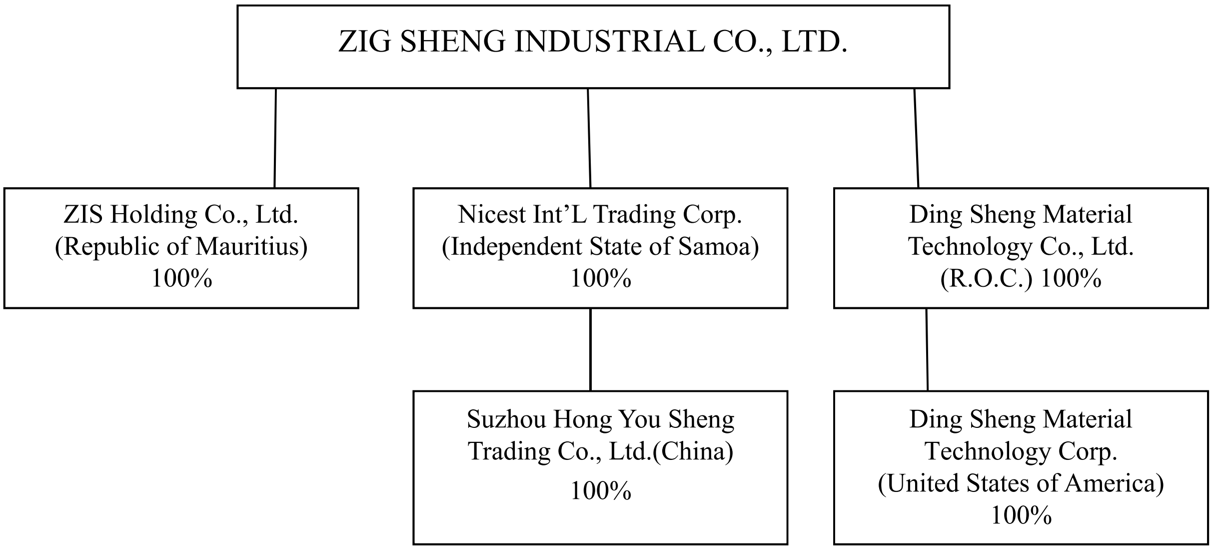
7.7 Other important matters：None.

VIII. Special Disclosure

8.1. Summary of Affiliated Companies

8.1.1. Consolidated Business Report of the Subsidiary

8.1.1.1 Subsidiary Chart：



8.1.1.2 Subsidiaries Profile

Unit：NT$ thousands

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
ZIS Holding Co., Ltd.	August 6, 2002	Republic of Mauritius	185,020	Reinvestment in various businesses
Nicest Int'L Trading Corp.	May 30, 2013	Independent State of Samoa	8,883	Reinvestment in various businesses
Ding Sheng Material Technology Co., Ltd.	August 4, 2014	R.O.C.	15,000	Synthetic resin and industrial plastic products manufacturing and related international trade
Suzhou Hong You Sheng Trading Co., Ltd	September 3, 2013	Jiangsu province (China)	8,883	Engaged in the wholesale import and export of plastic products, chemical products, chemical fiber raw materials, chemical fiber products, textile raw materials, machinery and electrical equipment and their parts
Ding Sheng Material Technology Corp.	May 21, 2015	United States of America	6,340	General import trading

8.1.1.3 Information of the same shareholders who are presumed to have control and affiliation：None.

8.1.1.4 The industries covered by the business of the overall relationship company, and there are related situations：

(1) The business operations of ZIS Holding and Nicest Int’L controlled by the company are The business operations are not related.

(2) Suzhou Hong You Sheng Trading Co., Ltd. and Ding Sheng Material Technology Co., Ltd. (R.O.C.) and Ding Sheng Material Technology Corp. (U.S.A.) controlled by the company s business The company’ s business operations are related to expand sales to overseas markets.

8.1.1.5 Information of Directors, Supervisors, and Presidents of the affiliates

Unit：Share；%

Company Name	Position	Name / Representative	Shareholding (As of December 31, 2021)	
			Share	Percentage
ZIS Holding Co., Ltd.	Chairman	YEH, SOU-TSUN, Representative of ZIG SHENG INDUSTRIAL CO., LTD.	5,400,000	100%
Nicest Int’L Trading Corp.	Chairman	SU, PAT-HUANG, Representative of ZIG SHENG INDUSTRIAL CO., LTD.	300,000 (Par value per share USD1)	100%
Ding Sheng Material Technology Co., Ltd.	Chairman	SU, PAT-HUANG, Representative of ZIG SHENG INDUSTRIAL CO., LTD.	1,500,000	100%
Suzhou Hong You Sheng Trading Co., Ltd.	Legal Representative	HE, CHAO-CHEN, Representative of Nicest Int’L Trading Corp.	Not applicable	100%
Ding Sheng Material Technology Corp.	Chairman	HE, CHAO-CHEN, Representative of Ding Sheng Material Technology Co., Ltd.	200,000 (Par value per share USD1)	100%

8.1.1.6 Operational Highlights of Subsidiaries

Unit：NT$ thousands

Company	Capital Stock	Assets	Liabilities	Equity	Revenues	Operating Income	Net Income	EPS (NT$)
ZIS Holding Co., Ltd.	185,020	0	0	0	0	0	0	0
Nicest Int’L Trading Corp.	8,883 (Par value per share USD1)	18,007	0	18,007	0	0	1,524	5.08 USD0.18
Ding Sheng Material Technology Co., Ltd.	15,000	7,747	3,374	4,373	222	(51)	(810)	(0.54)
Suzhou Hong You Sheng Trading Co., Ltd.,	8,883	37,292	19,285	18,007	66,198	1,323	1,524	Not applicable
Ding Sheng Material Technology Corp.	6,340 (Par value per share USD1)	14,603	17,943	(3,340)	30,122	(731)	(754)	(3.77) USD(0.13)

8.1.2. Financial Statement Statement on Consolidation of Affiliated Enterprises：Please refer to page 158.

8.1.3. Reports on Affiliated Enterprises：Not applicable.

8.2. The status of private placement securities in the most recent year and as of the publication date of the annual report：None.

8.3. Status of holding or disposing of the company’s stocks by subsidiaries in the most recent year and as of the publication date of the annual report：None.

8.4. Other necessary supplementary explanation items：None.

IX. Matters that have a significant impact on shareholders' equity or securities prices

In the most recent year and as of the publication date of the annual report, matters that have a significant impact on shareholders' equity or securities prices as stipulated in the second paragraph of Article 36 of the Securities and Exchange Act：None.

Declaration Statement

December 31, 2021

March 11, 2022

According to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, for the year of 2021 (from January 1, 2021 to December, 2021), the affiliated companies of Zig Sheng Industrial Co., Ltd. which should be included when preparing the Consolidated Financial Statements of Affiliated Enterprises are the same as those which shall be included in the Consolidated Financial Statements of the parent and subsidiaries prepared under No.10 of International Financial Reporting Standards, and all of the related information which shall be disclosed in the Consolidated Financial Statements of Affiliated Enterprises had been disclosed in the above Consolidated Financial Statements of the parent and subsidiaries. Therefore, separate Consolidated Financial Statements of Affiliated Enterprises are not prepared.

Declared herein

Zig Sheng Industrial Co., Ltd.

Legal Representative： Yeh, Sou-Tsun

Independent Auditors' Report

To : Zig Sheng Industrial Co., Ltd.

Opinion

We have audited the Consolidated Financial Statements of Zig Sheng Industrial Co., Ltd. and Subsidiaries (the "Group"), which comprise the Consolidated balance sheets as of December 31, 2021 and 2020, the Consolidated statements of comprehensive income, Consolidated statements of changes in equity, and Consolidated statements of cash flows for the years ended December 31, 2021 and 2020, and notes to the Consolidated financial statements, including a summary of significant accounting policies (together "Consolidated Financial Statements").

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021 and 2020, its financial performance and its 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, International Accounting Standards, and the related interpretations recognized and issued into effect by the Financial Supervisory Commission (together "IFRSs").

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements for the year ended December 31, 2021 are stated as follows：

Revenue recognition

Revenue generation is a fundamental business activity of an enterprise as a going concern, it is crucial to the operating performance of an enterprise. Due to ubiquitous pressure of achieving projected financial or sales targets by management, revenue recognition is considered to have higher fraudulent risk by the generally accepted auditing standards. Therefore, we list the timing of transfer of risks and rewards of sold products and the recognition of sales revenue as one of the key audit matters.

For the accounting policies regarding revenue recognition, please refer to Note 4.32 of the Consolidated Financial Statements；For illustration to the revenue items, please refer to disclosure in Note 6.30 of the Consolidated Financial Statements.

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

1. Tested the effectiveness of the Group's design and implementation of its internal controls over sales and receivable cycles, evaluated the appropriateness of revenue recognition on a test basis.
2. Understood the categories and specifications of products sold to top ten clients, evaluated the reasonableness of the sales revenue and accounts receivable turnover (days) and analyzed if there is any abnormality.
3. Evaluated the accuracy of the timing of transfer of risks and rewards of sold products and the recognition of sales revenue by selecting and testing a sample of sales transactions before and after the shipment cut-off date.

Valuation of inventory

The main inventories of the Group are Polyester Fully Oriented Yarn, Lactam and the related products and are measured using lower of cost or net realizable value. Due to rapid changes in the industry where the Group resides, the sales prices of the Group’s products are easily affected by the prices of international raw materials and may fluctuate drastically. This leads to risk that the inventory costs may exceed their net realizable value and resulted in slow-moving or obsolete inventories. And since the Group’s management, through assessment of respective outside evidence, is relied to perform the subsequent measurements and recognition, we list inventory valuation as one of the key audit matters.

For the accounting policies regarding inventories, please refer to Note 4.15 of the Consolidated Financial Statements；For illustration to the inventory items, please refer to disclosure in Note 6.6 of the Consolidated Financial Statements. Our key audit procedures performed in respect of the above area included the following：

1. Based on the understanding of the Group’s operations and nature of the industry, assessed the reasonableness of the policies and procedures adopted for recording allowance to reduce inventory to market.
2. Reviewed inventory aging reports, analyzed changes in the inventory aging and assessed whether or not the subsequent measurements were performed according to the accounting policies.
3. Understood and assessed the reasonableness of the basis of net realizable value used by the management, selected samples and agreed to the relating supporting documents to test the accuracy of the amounts, then evaluated whether or not the management’s disclosures regarding the subsequent measurements of inventories were appropriate.

Other matters – Parent Company Only Financial Statements

Zig Sheng Industrial Co., Ltd. had prepared the 2021 and 2020 parent company only financial statements, along with the independent auditors’ report with unqualified opinion issued, available for reference.

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

Management is responsible for preparation and fair presentation of the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs and for such internal control as management determines 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, to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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, determine whether any material uncertainty exists in the 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 Financia1 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 the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Group. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to affect 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Ying-Chia and Lin, Chih-Lung.

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 11, 2022

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 accepted and 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.

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11xx	Current Assets	$ 4,897,722	45	$ 3,045,069	34
1100	Cash and cash equivalents (Note 6.1)	71,448	1	70,398	1
1110	Financial assets at fair value through profit or loss – current (Note 6.2)	916,107	8	603,174	7
1150	Notes receivable, net (Note 6.3)	269,770	3	221,230	3
1170	Accounts receivable, net (Note 6.4)	1,295,846	12	975,915	11
1180	Accounts receivable - related parties (Note 6.4,7)	41,820	-	45,496	-
1200	Other receivables (Note 6.5)	7,513	-	27,530	-
1220	Income tax assets (Note 6.37)	29	-	9	-
1310	Inventories, net (Note 6.6)	2,247,309	21	1,082,330	12
1410	Prepayments (Note 6.7)	47,880	-	18,987	-
15xx	Noncurrent Assets	5,879,093	55	5,881,566	66
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 6.8)	246,998	2	208,709	3
1600	Property, plant and equipment (Note 6.10)	4,715,038	44	4,735,873	53
1755	Right-of-use asset (Note 6.11)	74,673	1	78,434	1
1760	Investment properties, net (Note 6.12)	643,670	6	645,185	7
1780	Intangible assets (Note 6.13)	2,133	-	1,051	-
1840	Deferred income tax assets (Note 6.37)	76,092	1	128,837	2
1915	Prepayments for equipment	49,808	1	26,126	-
1920	Guarantee deposits paid (Note 6.14)	23,479	-	24,943	-
1990	Other noncurrent assets – other (Note 6.15)	47,202	-	32,408	-
1xxx	Total Assets	$ 10,776,815	100	$ 8,926,635	100

Code	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21xx	Current Liabilities	$ 3,139,025	29	$ 2,061,579	23
2100	Short-term loans (Note 6.16)	1,260,000	12	710,000	8
2110	Short-term notes and bills payable (Note 6.17)	499,845	4	449,934	5
2120	Financial liabilities at fair value through profit or loss – current (Note 6.18)	1,526	-	-	-
2130	Contractual liabilities – current (Note 6.30)	54,457	1	80,804	1
2150	Notes payable (Note 6.19)	217,881	2	106,687	1
2170	Accounts payable (Note 6.19)	624,095	6	371,387	5
2180	Accounts payable to related parties (Note 7)	82	-	195	-
2200	Other payables (Note 6.20)	409,008	4	303,998	3
2230	Current-period income tax liabilities (Note 6.37)	31,507	-	144	-
2250	Provisions - current (Note 6.21)	25,572	-	24,573	-
2280	Lease liabilities - current (Note 6.12)	13,448	-	12,921	-
2399	Other current liabilities – other (Note 6.22)	1,604	-	936	-
25xx	Noncurrent Liabilities	327,480	3	339,187	4
2570	Deferred income tax liabilities (Note 6.37)	137,395	1	137,395	2
2580	Lease liabilities - noncurrent (Note 6.11)	63,143	1	67,079	1
2640	Net defined benefit liability - noncurrent (Note 6.23)	103,778	1	111,549	1
2645	Guarantee deposits received (Note 6.24)	23,164	-	23,164	-
2xxx	Total Liabilities	3,466,505	32	2,400,766	27
31xx	Equity attributable to owners of the parent				
3100	Share capital (Note 6.25)	5,316,884	49	5,500,014	62
3110	Ordinary shares	5,316,884	49	5,500,014	62
3200	Capital surplus (Note 6.26)	398,835	4	492,157	6
3300	Retained earnings (Note 6.27)	1,534,694	14	668,136	7
3310	Legal reserve	249,476	2	249,476	3
3320	Special reserve	321,614	3	321,614	3
3350	Unappropriated retained earnings	963,604	9	97,046	1
3400	Other equity interest (Note 6.28)	59,897	1	26,138	-
3410	Exchange differences from translation of foreign operations	(270)	-	(219)	-
3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	60,167	1	26,357	-
3500	Treasury shares (Note 6.29)	-	-	(160,576)	(2)
3xxx	Total Equity	7,310,310	68	6,525,869	73
3x2x	Total Liabilities and Equity	$ 10,776,815	100	$ 8,926,635	100

(The accompanying notes form an integral part of the consolidated financial statements)

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Item	2021 Amount	%	2020 Amount	%
4000	Operating revenue (Note 6.30)	$ 11,218,513	100	$ 7,675,607	100
5000	Operating costs (Note 6.6, 6.35)	(9,996,561)	(89)	(7,591,144)	(99)
5900	Gross profit (loss) from operations	1,221,952	11	84,463	1
6000	Operating expenses (Note 6.35)	(574,057)	(5)	(364,077)	(5)
6100	Selling expenses	(339,139)	(3)	(216,438)	(3)
6200	Administrative expenses	(176,185)	(1)	(92,306)	(1)
6300	Research and development expenses	(58,733)	(1)	(55,333)	(1)
6900	NET OPERATING INCOME (LOSS)	647,895	6	(279,614)	(4)
	Non-operating income and expenses				
7100	Interest income (Note 6.31)	116	-	309	-
7010	Other income (Note 6.32)	150,673	1	276,635	4
7020	Other gains and losses (Note 6.33)	224,944	2	(20,529)	-
7050	Finance costs (Note 6.34)	(19,151)	-	(11,603)	-
7000	Total non-operating income and expenses	356,582	3	244,812	4
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,004,477	9	(34,802)	-
7950	INCOME TAX EXPENSE (Note 6.37)	(84,400)	(1)	(5,313)	-
8200	NET INCOME (LOSS)	920,077	8	(40,115)	-
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss：				
8316	Unrealized measurement gains or losses on equity instruments measured at FVTOCI (Note 6.8)	33,810	-	12,248	-
8311	Remeasurements of defined benefit liability (Note 6.23)	(438)	-	(589)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.37)	88	-	118	-
8310	Total items that will not be reclassified subsequently to profit or loss	33,460	-	11,777	-
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	(51)	-	435	-
8360	Total items that may be reclassified subsequently to profit or loss	(51)	-	435	-
8300	Total other comprehensive income (loss) for the year, net of income tax	33,409	-	12,212	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 953,486	8	($ 27,903)	-
8600	Net income (loss) attributable to：				
8610	Owners of the parent	$ 920,077	8	($ 40,115)	-
8700	Total comprehensive income (loss) attributable to：				
8710	Owners of the parent	$ 953,486	8	($ 27,903)	-
	EARNINGS (LOSS) PER SHARE – ORDINARY SHARES (NT$) (Note 6.38)				
9750	Basic earnings (loss) per share	$ 1.73		($ 0.07)	
9850	Diluted earnings per share	$ 1.73			

(The accompanying notes form an integral part of the consolidated financial statements)

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

				Retained Earnings			Other Equity			
Code	Item	Share Capital - Ordinary Shares	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign	Unrealized gains or losses on financial assets at FVTOCI	Treasury Shares	Total Equity
A1	Balance, January 1, 2020	$ 6,117,634	$ 360,397	$ 249,476	$ 321,614	$ 137,632	($ 654)	$ 14,109	$ -	$ 7,200,208
D1	Profit (loss) for 2020	-	-	-	-	(40,115)	-	-	-	(40,115)
D3	Other comprehensive income, net of tax, for 2020	-	-	-	-	(471)	435	12,248	-	12,212
L1	Financial assets at fair value through profit or loss – current (Note 6.2)	-	-	-	-	-	-	-	(646,436)	(646,436)
L3	Cancellation of treasury shares	(617,620)	131,760	-	-	-	-	-	485,860	-
Z1	Balance, December 31, 2020	$ 5,500,014	$ 492,157	$ 249,476	$ 321,614	$ 97,046	($ 219)	$ 26,357	($ 160,576)	$ 6,525,869
A1	Balance on January 1, 2021	$ 5,500,014	$ 492,157	$ 249,476	$ 321,614	$ 97,046	($ 219)	$ 26,357	($ 160,576)	$ 6,525,869
	Appropriation of earnings：									
B5	Cash dividends of ordinary share	-	-	-	-	(53,169)	-	-	-	(53,169)
C15	Cash dividends from additional paid-in capital	-	($ 106,338)	-	-	-	-	-	-	(106,338)
C17	Unclaimed overdue dividends by shareholders	-	455	-	-	-	-	-	-	455
D1	Profit (loss) for 2021	-	-	-	-	920,077	-	-	-	920,077
D3	Other comprehensive income, net of tax, for 2021	-	-	-	-	(350)	(51)	33,810	-	33,409
L1	Buy back treasury shares	-	-	-	-	-	-	-	(9,993)	(9,993)
L3	Cancellation of treasury shares	(183,130)	12,561	-	-	-	-	-	170,569	-
Z1	Balance, December 31, 2021	$ 5,316,884	$ 398,835	$ 249,476	$ 321,614	$ 963,604	($ 270)	$ 60,167	$ -	$ 7,310,310

(The accompanying notes form an integral part of the consolidated financial statements)

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Item	2021	2020
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Net profit (loss) from continuing operations before tax	$ 1,004,477	($ 34,802)
A20000	Adjustments：		
A20010	Income/gain or expense/loss items not affecting cash flows		
A20100	Depreciation expense (including depreciation of right-of-use assets and investment properties)	462,919	586,344
A20200	Amortization expense	27,137	28,019
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(62,183)	(70,570)
A20900	Interest expense	13,906	11,374
A21200	Interest income	(116)	(309)
A21300	Dividend income	(37,059)	(22,806)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	33	1,145
A23100	Net loss (gain) from disposal of investments	(190,076)	55,646
A29900	Gain from lease modifications	-	(43)
A20010	Total income/gain or expense/loss items not affecting cash flows	214,561	588,800
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(51,787)	(73,412)
A31130	Decrease (increase) in notes receivable	(48,540)	(26,756)
A31150	Decrease (increase) in accounts receivable	(319,931)	(54,539)
A31160	Decrease (increase) in accounts receivable – related parties	3,676	8,243
A31180	Decrease (increase) in other receivables	10,460	(4,510)
A31200	Decrease (increase) in inventories	(1,178,961)	567,847
A31230	Increase in prepayments	(28,893)	(2,773)
A32125	Decrease in contractual liabilities	(26,347)	(6,185)
A32130	Increase (decrease) in notes payable	111,194	5,114
A32150	Increase (decrease) in accounts payable	252,708	19,181
A32160	Increase (decrease) in accounts payable – related parties	(113)	(245)
A32180	Increase (decrease) in other payables	110,166	71
A32190	Increase (decrease) in other payables – related parties	-	(240)
A32200	Increase (decrease) in provisions	999	(590)
A32230	Increase (decrease) in other current liabilities - other	668	(55)
A32240	Decrease in net defined benefit liabilities	(8,209)	(8,634)
A30000	Total changes in operating assets and liabilities	(1,172,910)	422,517
A33000	Cash generated from operations	46,128	976,515
A33100	Interest received	116	311
A33200	Dividend received	37,059	22,806
A33300	Interest paid	(13,866)	(11,525)
A33500	Income taxes paid	(224)	(2,151)
AAAA	Net cash flows from (used in) operating activities	69,213	985,956

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of FVTOCI financial assets	(13,200)	-
B00030	Returned capital from FVTOCI financial assets	8,721	2,550
B02700	Acquisition of property, plant and equipment	(218,014)	(169,041)
B02800	Proceeds from disposal of property, plant and equipment	407	207
B03700	Increase in refundable deposit paid	(59)	(18,707)
B03800	Decrease in refundable deposit paid	1,523	316
B04500	Acquisition of intangible assets	(907)	(76)
B05400	Acquisition of investment properties	(3,631)	-
B06600	Decrease in other financial assets	-	3,778
B06700	Increase in other noncurrent assets - other	(40,753)	(20,845)
B07100	Increase in prepayments for equipment	(220,202)	(109,888)
BBBB	Net cash flows from (used in) investing activities	(486,115)	(311,706)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES：(Note 6.36)		
C00100	Increase in short-term loans	12,136,870	7,577,632
C00200	Decrease in short-term loans	(11,586,870)	(8,051,632)
C00500	Increase in short-term notes and bills payable	4,380,000	1,900,000
C00600	Decrease in short-term notes and bills payable	(4,330,000)	(1,450,000)
C03000	Increase in deposits received	95	100
C03100	Decrease in deposits received	(95)	(600)
C04020	Lease principal repayment	(12,952)	(13,113)
C04500	Distribution of cash dividends	(159,507)	-
C04900	Cost for buying back treasury shares	(9,993)	(646,436)
C09900	Undrawn overdue dividends payable transferred to capital surplus	455	-
CCCC	Net cash flows from (used in) financing activities	418,003	(684,049)
DDDD	Effects on cash and cash equivalents due to fluctuations in exchange rates	(51)	435
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,050	(9,364)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	70,398	79,762
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 71,448	$ 70,398
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	$ 71,448	$ 70,398

(The accompanying notes form an integral part of the consolidated financial statements)

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Zig Sheng Industrial Co., Ltd. (the "Company") was founded on August 18, 1969. The principal operating activities of the Company are as following：

(1) Spinning, weaving, dyeing/finishing, printing, processing, and trading of various filament, artificial cotton and nylon.

(2) Production, selling, import/export of fiber raw materials for use in the petrochemical industry.

The Company has factories in Guishan District, Guanyin District and Dayuan District, Taoyuan City.

The Company's stock began traded in the Taiwan Stock Exchange from October 7, 1993.

The Company is its own ultimate parent company.

The Company 's functional currency is New Taiwan Dollar. Since the Company is publicly traded in Taiwan, in order to increase comparability and consistency of the financial statements, these Consolidated Financial Statements are presented in New Taiwan Dollars.

Unless specified otherwise, the Company and the component subsidiaries included in these Consolidated Financial Statements are together called the "Group" hereafter.

2. The Authorization of Financial Statements

The accompanying Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on March 11, 2022.

3. Application of New Standards, Amendments, and Interpretations

3.1 Effects from application of the newly issued or revised International Financial Reporting Standards recognized and issued into effect by the Financial Supervisory Commission ("FSC")：

According to FSC Jin-Guan-Zheng-Shen No. 1090363623 Order on August 4, 2020, the Company shall, beginning from 2021, prepare its financial statements, apply the International Financial Reporting Standards, International Accounting Standards, and the related interpretations released by IASB and recognized, issued into effect by FSC (together "IFRSs"), and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The following summarizes the newly published, amended or revised IFRSs that are recognized by FSC and effective in 2021：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 ” Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (Effective from the issuance date)
Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform”	January 1, 2021
Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2022 (Note)

Note：FSC has allowed earlier adoption by companies effective from January 1, 2021.

After assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Group.

3.2 Effects from not yet adopting the newly published, amended or revised IFRSs that have been endorsed and issued into effect by FSC：

The following summarizes the newly published, amended or revised IFRSs that are recognized by FSC and effective in 2022：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 16 ” Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IFRS 37 ” Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

As of the released date of these financial statements, after assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Group.

3.3 Effects from the IFRSs issued by IASB but not yet been endorsed and issued into effect by FSC：

The IFRSs newly issued, revised or amended by IASB but not yet been endorsed by FSC are summarized as following (actual effective date is determined by FSC)：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of accounting estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and	January 1, 2023

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Liabilities arising from a Single Transaction”	
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Pending for determination by IASB

After preliminary assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Group. The Group will continue to assess the effects on the Group’s financial position and financial performance from the above standards and interpretations, the related assessment results will be disclosed upon completion.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

4.1 Statement of compliance

The accompanying Consolidated Financial Statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of preparation

1. Except for the following material items, these Consolidated Financial Statements have been prepared under the historical cost convention：

(1) Financial assets and financial liabilities (including derivative instruments) measured at Fair Value Through Profit or Loss (“FVTPL”).

(2) Financial assets measured at Fair Value Through Other Comprehensive Income (“FVTOCI”).

(3) Liabilities on cash-settled share-based payment arrangements measured at fair value.

(4) Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.

2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

4.3 Basis of consolidation

1. Principles for preparing the consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. The subsidiaries in the consolidated financial statements：

Investor	Subsidiaries	Main Businesses	Percentage of Ownership	
			2021.12.31	2020.12.31
Zig Sheng Industrial Co., Ltd.	Nicest Int'L Trading Corp.	According to instructions by management policies of the parent company, conduct investments in various businesses other than Taiwan region	100%	100%

Investor	Subsidiaries	Main Businesses	Percentage of Ownership	
			2021.12.31	2020.12.31
Zig Sheng Industrial Co., Ltd.	Ding Sheng Material Technology Corporation Limited	Manufacture of synthetic resin and industrial plastic and the related international trading	100%	100%
Nicest Int'L Trading Corp.	Suzhou Hongsheng Trading Co., Ltd.	Engage in wholesale, export/import, commission agent (except for auctions) of plastic materials, chemical products (except for hazardous chemicals), chemical fiber products, textile materials, mechanical and electrical equipment and parts, and the related auxiliary services, technical consulting services, and also provision of on-site repairment services for the mechanical and electrical equipment and parts	100%	100%
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	General import/export trading	100%	100%

3. Increase or decrease in consolidation subsidiaries：None

4. Subsidiaries not included in the consolidated financial statements

   As of December 31, 2021 and 2020, the total asset, total liability and total equity of the Group’s invested subsidiary, ZIS HOLDING CO., LTD., were all zero, and the subsidiary did not have any income, expenses or losses during the above periods. Therefore, the subsidiary is not included as a component entity in the Consolidated Financial Statements.

5. Adjustments and treatments for subsidiaries with different accounting period：None

6. Significant restrictions on the ability to transfer funds from subsidiaries to the parent company：

   Due to local foreign exchange controls, the cash and bank deposits in Mainland China by the amount of $20,328 thousand and $22,816 thousand as of December 31, 2021 and 2020, respectively, are restricted from transferring out of Mainland China (except for normal dividends or business transactions (trading)).

7. Subsidiaries that have non-controlling interests that are material to the Group：None

4.4 Foreign currency exchange

1. Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates

(the “functional currency”). The Consolidated Financial Statements are presented in New Taiwan Dollars (NT$), which is the Group’s functional currency.

2. In preparing the Consolidated Financial Statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Exchange gains and losses relating to loans and cash and cash equivalents are reported as financial costs in the statements of comprehensive income; other exchange gains and losses are reported as other gains and losses in the statements of comprehensive income according to their nature.

3. The assets and liabilities of foreign operations of the Group (including subsidiaries, associates, joint ventures or branches located offshore or using different currencies from that of the Group) are translated into New Taiwan Dollars based on the spot rates on each balance sheet date；Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

4. When the Group disposes its foreign operations and loses control, joint control or significant influence over the foreign operations, the amounts previously recognized as equity in relation to the foreign operations are transferred to profit or loss. When the Group disposes part of its foreign operation subsidiaries but does not lose control over the subsidiaries, then the amounts previously recognized as accumulated exchange differences in the other comprehensive income (loss) are combined and included in the computation of the equity transaction proportionately but would not be recorded as profit or loss. When the Group disposes its foreign operation associates or joint equity but does not lose significant influence or joint control or over the associates or joint equity, then the amounts previously recognized as accumulated

exchange differences in the other comprehensive income (loss) is transferred to profit or loss proportional to the disposal ratio.

4.5 Classification standards for current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets：
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Assets held mainly for trading purposes;
   (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

   All assets that do not meet any of the above criteria are classified as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities：
   (1) Liabilities that are expected to be paid off within the normal operating cycle;
   (2) Liabilities arising mainly from trading activities;
   (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   All liabilities that do not meet any of the above criteria are classified as non-current liabilities.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and that are held for satisfying short-term cash commitments for business operations are classified as cash equivalents.

4.7 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition of financial assets and financial liabilities, they are measured at fair value. Upon initial recognition, the transaction costs that can be directly attributable to obtaining or issuing the financial assets and financial liabilities (except for ones classified as FVTPL financial assets and financial liabilities) shall be added to or subtracted from the fair value of the financial assets and financial liabilities. The transaction costs that can be directly attributable to obtaining or issuing FVTPL financial assets are recorded in profit or loss in the period occurred.

4.8 Financial assets at fair value through profit or loss ("FVTPL financial assets")

1. Financial assets at fair value through profit or loss ("FVTPL") include financial assets mandatorily measured at FVTPL and financial assets designated to be measured at FVTPL. Financial assets mandatorily measured at FVTPL include equity instrument investments that are not designated to be measured at fair value through other comprehensive income by the Group, and debt instrument investments that neither meet the classification of those measured at amortized cost or at FVTPL.
2. For financial assets that are measured at either amortized cost or at FVTPL, when the measurement could be materially reduced or removed, or there is inconsistency in recognition, the Group would designate them as financial assets measured at FVTPL at initial recognition.
3. Transaction date accounting is adopted for recording customary transactions of FVTPL financial assets.
4. The Group initially measures at fair value at initial recognition, the related transaction costs are recorded in profit or loss, then subsequently measures at fair value, and the gains or losses are recorded in profit or loss.
5. When the rights to collect dividends are established, the economic benefits related to the dividends are likely to flow in, and when the dividends could be reliably measured, the Group recognizes the dividend income in profit or loss.

4.9 Financial assets at fair value through other comprehensive income ("FVTOCI financial assets")

1. Refers to the irrevocable choice made at initial recognition to report the changes in fair value of non-trading purpose equity instrument investments in other comprehensive income, or debt instrument investments that meet the following conditions：
   (1) Hold the financial assets under the business model of holding for the purpose of collecting contractual cash flows and for sale.
   (2) The cash flows generated on the specified date are fully for payment of principal and interests of outstanding principal.

2. Transaction date accounting is adopted for recording customary transactions of FVTOCI financial assets.
3. FVTOCI financial assets are initially measured at fair value, plus transaction costs and subsequently measured at fair value：
   (1)The changes in fair value of equity instruments are recognized in other comprehensive income. Upon de-recognition, the accumulated gains or losses previously recognized in other comprehensive income may not be subsequently reclassified to profit or loss, but should be transferred to retained earnings. When the right to receive dividends is established, the related economic benefits related to the dividends is very likely to flow in, and the amount of dividends could be reliably measured, the Group recognizes the dividend income in profit or loss.
   (2)The changes in fair value of debt instruments are recognized in other comprehensive income. Upon de-recognition, the impairment losses, interest income, foreign exchange gains or losses prior to de-recognition are recorded in profit or loss, and the accumulated gains or losses previously recognized in other comprehensive income are transferred from equity to profit or loss.

4.10 Financial assets measured at amortized cost

1. Refers to those meet the all of the following conditions：
   (1) Hold the financial assets under the business model of holding for the purpose of collecting contractual cash flows and for sale.
   (2) The cash flows generated on the specified date are fully for payment of principal and interests of outstanding principal.
2. Transaction date accounting is adopted for recording customary transactions financial assets measured at amortized cost.
3. The Group initially measures the financial assets at fair value, plus transaction costs and subsequently recognizes interest income during the outstanding period using the effective interest method and amortization procedures, and impairment losses are also recognized. Upon de-recognition, the gains and losses are recorded in profit or loss.
4. The Group holds time deposits that are not considered cash equivalents. Since the holding periods are short and the impacts of discount is not material, those deposits are measured at their investment amounts.

4.11 Accounts and notes receivable

Refers to, according to contractual agreements, the unconditional receipt of right to the consideration (accounts and notes receivable) for transferring goods or services. For interest-free short-term accounts and notes receivable, since the effect of discounting is immaterial, the Group initially recognizes them at invoice amounts.

4.12 Impairment of financial assets

On each balance sheet date, after considering all reasonable and reliable information (including prospective ones), the Group measures loss allowances for the debt instrument investments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contractual assets which comprise material financial components, lease payments receivable, lending commitments, and financial guarantee contracts based on 12-months projected credit loss amount for those without significant increase in credit risk after initial recognition. As to those with significant increase in credit risk after initial recognition, measures loss allowances based on the projected credit loss amount in the existing period；Regarding the accounts receivable or contractual assets which do not comprise material financial components, measures loss allowances based on the projected credit loss amount in the existing period.

4.13 Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is meet：

1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

4.14 Lease payments receivable / Operating lease (lessor)

1. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
   (1) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease payments receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between the gross investment in the lease and the present value of the gross investment is recognized as unearned finance income.
   (2) The lessor should allocate finance income over the lease term on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(3) Lease payments relating to the lease period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

2. An operating lease is a lease other than a finance lease. For operating leases, lease payments, net of any incentives given to the lessee, are recognized as an expense on a straight-line basis over the lease term.

4.15 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.16 Subsidiaries and investments accounted for using the equity method

1. Associates refer to all entities over which the Group has influence but without control, generally refer to direct or indirect holding of 20% or more of the voting shares. Investments in associates are recognized at cost and are accounted for using the equity method, including the identified goodwill at the time of acquisition, after subtracting any accumulated impairment loss occurred in subsequent assessments.
2. The share of profit or loss, after acquisition of the associates by the Group, is recognized in profit or loss in the current period, and the share of other comprehensive income or loss is recognized in other comprehensive income or loss. If the Group's share of loss from an associate equal or exceeds its interests in the associate (including any other unsecured receivables), the Group would not further recognize loss, unless the Group has legal obligation or constructive obligation to pay, or had made the payment on behalf of the associate.
3. The gains or losses generated from upstream or sidestream transactions are recognized in the Consolidated Financial Statements within the scope that the Group's equity interests in the subsidiaries are not related. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
4. When an associate incurs changes in equity that is not related to profit (loss) or other comprehensive income and does not affect the Group's ownership percentage in the

associate, the Group records its share of the equity changes as “Capital Surplus” proportionate to its ownership percentage.

5. When an associate issue new shares, if the Group does not purchase or acquire new shares proportionately and leads to change in shareholding ratio but the Group still maintains material influence, the increase/decrease in the net equity amount is adjusted in “Additional paid-in capital” and “Investments accounted for using equity method”. If the shareholding ratio reduces, in addition to the above adjustment, the previously recorded relating gains or losses in other comprehensive income or loss, where the gains or losses shall be reclassified to profit or loss upon disposal, are reclassified to profit or loss proportionate to the reduction.
6. If the Group losses material influence over the associate, the remaining investment in the original associate is remeasured at fair value, and the difference between the fair value and the book value is recorded in the current-period profit or loss.
7. When the Group disposes of an associate, if it losses material influence over the associate, for all of the amounts that were previously recognized in other comprehensive income that were related to the associates, the accounting treatments are the same as if the Group directly disposes the related assets or liabilities. That is, if the previously recognized gains or losses as other comprehensive income or loss, upon disposal of the related assets or liabilities, would be reclassified to profit or loss, then when the material influence the associates is lost, the gains or losses would be reclassified from equity to profit or loss. If the Group still has material influence over the associates, then only transfer out, proportionately according to the above approach, the previously recognized amount in the other comprehensive income or loss.
8. When the Group disposes of an associate, if it losses material influence over the associate, the additional paid-in capital related to the associate is transferred to profit or loss ; if the Group still maintains material influence over the associate, then transfer to profit or loss according to the disposal ratio.

4.17 Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance are recognized in profit or loss as incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the various components of property, plant and equipment are significant, they are depreciated individually.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows：

Buildings	3 ~ 60 years
Machinery	3 ~ 15 years
Transportation equipment	5 ~ 15 years
Other equipment	2 ~ 50 years

5. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.
6. Part of the Group's depreciable assets in Guanyin Factory, Guishan Factory, and Taipei Liaison Office, upon filing tax returns, were originally depreciated using the Fixed Percentage on Declining Base Method；However, due to the Group had changed to average method in 1995, such change had been approved by Northern-Area-National-Tax-Tao-Xian-Shen No. 84073136 Letter, dated August 1, 1995.

4.18 Leased assets / Operating lease (lessee)

1. At the commencement of the lease term, lessees shall recognize finance leases as assets and liabilities in their statement of financial positions at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are recorded as expenses on straight-line basis over the lease period.
2. Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantial fixed payments, variable lease payments determined by indices or fee rates, expected amount of payment by lessee under

residual-value guarantee, price of reasonably expected execution price for purchasing the right-of-use asset, and expected termination penalty from execution of option to terminate the lease by the lessee during the lease period, less the lease incentive received). Lease liabilities are subsequently measured at amortized costs using the effective interest method, and interest expenses are allocated among the lease periods. If there is change in future lease payment due to change in assessment of lease period and purchase option of underlying asset, change in expected amount of payment by lessee under residual-value guarantee, or change in indices or fee rates used to determine lease payments, the Group will re-measure the lease liabilities and adjust the right-of-use assets accordingly.

3. Right-of-use assets are initially recognized at cost, including the initial measurement amount of lease liabilities, then subsequently measured at the amount of costs. Depreciation for right-of-use asset is recognized based on either the economic useful life or the lease period, whichever is earlier. If the lease liabilities are re-assessed, then adjust the remeasurement amount of the lease liabilities.

4.19 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use. Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Except for land, depreciation is recognized using the straight-line method based on the estimated useful life. On de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

4.20 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives, and the estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any change in estimates is accounted for on a prospective basis. An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss in the period occurred.

4.21 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.22 Borrowings

Borrowings are initially recognized at their fair value, less the transaction costs and subsequently measured at the amortized cost adopting the effective interest method based on any difference between the proceeds after subtracting the transaction costs and redemption value during the borrowing period.

4.23 Accounts payable and notes payable

Accounts payable and notes payable are generated from acquisition of goods or services from vendors in the ordinary course of business. They are initially recognized at fair value and subsequently remeasured at amortized cost using the effective interest method. Interest income is recognized by applying the effective interest rate, except for short-term payables when the effect of discounting is immaterial and are subsequently measured at initially invoiced amounts.

4.24 Financial liabilities at fair value through profit or loss ("FVTPL financial liabilities")

1. Financial liabilities are initially designated as financial liabilities at fair value through profit or loss ("FVTPL").When financial liabilities meet one of the following conditions, the Group will assign them as measured at fair value through profit or loss upon initial recognition：
   (1) They are hybrid (combined) contracts; or
   (2)They eliminate or significantly reduce measurement or recognition inconsistencies; or
   (3) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
2. Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

3. For the financial liabilities at FVTPL, when the changes in their fair value are generated from credit risks, except for avoiding accounting mismatch, loan commitments and financial guarantees that should be recorded in profit or loss, the changes in their fair value are recorded in other comprehensive income.

4.25 Non-hedging derivative instruments and embedded derivative instruments

1. Non-hedging derivative instruments are measured at their fair value on the contract signature date when initially recognized, recorded as financial assets or liabilities at FVTPL and subsequently measured at fair value, with the gains or losses recognized in profit or loss.
2. For embedded derivative instruments financial assets with mixed contracts, based on the contractual terms at initial recognition, the mixed instruments as a whole are ether classified as financial assets measured at FVTPL, FVTOCI, or amortized cost.
3. For embedded derivative instruments non-financial assets with mixed contracts, based on the contractual terms at initial recognition, judgements are made to determine if the embedded derivative instruments are closely related to the economical characters and risk of the main contract and determine whether or not they should be treated separately. When closely related, the mixed instruments as a whole, based on their nature, are treated with proper respective standards. When not closely related, the derivative instruments are treated as separate derivative instruments with the main contract, and the main contract, based on its nature, is treated with proper respective standards；or the derivative instruments and the main contract as a whole are designated as financial assets or liabilities at FVTPL at initial recognition.

4.26 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

4.27 Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render their services.

2. Pensions

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. The currency and term of the corporate bonds or government bonds are consistent with the currency and estimated term of the obligation.

   B. Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

   C. Past-service costs are recognized immediately in profit or loss.

3. Termination benefits

   Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4. Employees' compensation and directors' and supervisors' remuneration

   Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

4.28 Financial liabilities and equity instruments

1. Classification as debt or equity

   Financial instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. Equity instruments

   An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3. Financial liabilities

   Financial liabilities other than those held for trading purposes and those designed as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

4. Derecognition of financial liabilities

   The Group derecognizes financial liabilities when, and only when the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5. Offsetting financial assets and financial liabilities

   Only when there is legally enforceable right allowing the amounts of recorded financial assets and liabilities to offset with each other, and the party's intent to settle on a net basis or to realize the assets and repay liabilities at the same time, so that the financial assets and financial liabilities may offset against each other and presented using net amounts in the balance sheets.

4.29 Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.30 Share-based payments

1. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
2. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.31 Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their

carrying amounts in the Consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
7. The difference between the Group's income tax estimation in prior years and the assessed adjustments by the tax authorities are recorded as income tax adjustment items in the current period.

4.32 Revenue recognition

After the Group identifies the contractual obligations with the customers, the transaction prices are allocated to the respective contractual obligations, and revenue is recognized when the respective contractual obligations are fulfilled.

1. Sale of goods

(1) The Group manufactures and sells fiber and products related to petrochemical materials. Revenue is recognized upon transferring control of the products to the

customers, that is, when the products are handed to the customers. The customers have discretionary power over the sales channel and price, and, after the products are handed to the customers, the Group does not have further unfulfilled contractual obligation which may affect the acceptance of the products by the customers. When the products are delivered to the designated location, the risk of obsolete, outdated and loss of the products has been transferred to the customers, and when the customers accept the products per sales contracts, or when there is objective evidence proving all of the acceptance standards are satisfied, the handover of the products have occurred.

(2) Revenue from sale of fiber and products related to petrochemical materials is recognized at net amount of the contract price, less the estimated discounts and other similar allowances. The amount of recognized revenue is limited to extent that it is highly possible that it would not be materially reversed, and the estimation is updated on each balance sheet date. The estimated discount payable to customers and other similar allowance as of the balance sheet date are recorded as refund liabilities.

(3) The Group offers standard warranty for its sold products, bears the obligation to refund for defects and recognizes provisions upon selling of the products.

(4) Accounts receivable are recognized when the products are handed to the customers, because from then on, the Group has un-conditional right to the contact price, and it is just a matter of time to collect the consideration from the customers. The unearned receipts before the goods arrive are recorded as contractual liabilities.

(5) The collection terms of the sales contracts that the Group signed with the customers are consistent with those of the market normal practices. Therefore, it is determined that the contracts do not contain material financial component. As for the contracts where with the time span from transferring the committed products or services to the collection of consideration within one year, the material financial components are not adjusted to and the time value of currency is not reflected on the transaction price.

(6) Although the incremental costs generated from the Group's intent to obtain contracts with the customers are expected to recover, due to that the contract duration is shorter than one year, those costs are recorded as expenses when they occur.

(7) When processing materials supplied by the customers, since the control of ownership of the processed products is not transferred, no revenue is recognized when the materials are delivered.

2. Provision of services

The Group's provided services mainly consist of consigned processing services for customers, and revenue is recognized when the committed services are transferred to the customers (that is, when the customers obtain control over the assets) and when there is no further obligation.

4.33 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If the purpose of the grants is to provide the Company with immediate financial support and without future related cost, then the grants are recorded in profit or loss in the period when they are receivable. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Major Sources of Critical Accounting Judgments, Estimates and Uncertainties

Since the results of the Consolidated Financial Statements are affected by the adopted accounting policies, accounting estimates, assumptions and other factors, when the Group adopts the material accounting policies in Note 4, regarding information that cannot be easily obtained from other sources and may lead to material misstatement in the Consolidated Financial Statements, the management has to utilize appropriate professional judgement, estimates, and assumptions. The Group's estimates and the related assumptions are the best estimates made according to the effective IFRSs endorsed and issued by FSC. The estimates and assumptions based on historical experiences and other factors considered relevant, but the actual results may still differ from the estimates. The Group continues to review these estimates and assumptions. If amendments to the estimates affect only the current period, the amendment would only be recorded in the current period；If amendments to the estimates affect the current and future periods, then the amendments would be recorded in the current and future periods.

5.1 Critical judgements in applying accounting policies

Except for judgements related to estimates (refer to 5.2 below), the following lists the most significant judgements that were made by the management during the process of adopting the accounting policies and have significant impacts on the recorded amounts in the financial statements：

1. Judgement made on the business model of classification of financial assets

   Based on the reflected common administrative level for achieving specific business goals by the groups of financial assets, the Group assesses the business models where the financial assets belong. This assessment requires consideration for all relevant evidence, including ways to measure performances of the assets, risks that would affect performances, and the method to determine compensation to the related managers, and utilization of judgments is also required. The Group continuously evaluates if its judgements for the business model is appropriate or not and monitors and understand if the disposals of the financial assets measured at amortized cost or the debt instrument investments measured at FVTOCI are consistent with goals of the business model. If it is discovered that the business model has been altered, the Group would postpone the adjustment to the classification of the financial assets acquired subsequently.

2. Investment properties

   The purpose for holding part of the real estate by the Group is either for earning rentals or capital appreciation, including real estate held for undetermined purpose in the future, while the rests are for self-use. When the respective parts may be sold individually, and only when the self-use part is immaterial to the individual real estate, the real estate would be classified under the category of investment property.

3. Operating lease commitment – when the Group is lessor

   The Group had signed commercial rental contracts and rented out part of its property sets. Based on the assessment on basic terms of the contacts, the Group still retains material risks and rewards of the ownership rights of these properties and has treated such contracts as operating leases.

4. Lease period

   When determining lease period, the Group considers all relevant facts and conditions that generate economic incentives to exercise (or not to exercise) options, including any anticipated changes to the facts or conditions from the starting date to the execution date of the options. Factors considered include contractual terms and conditions during the contractual period of the options, material leasehold improvement conducted during the contractual period (or expected contractual period), importance of the target assets to the Group’s operations, etc. When there is material change in material event or condition within the Group’s controlling scope, re-assess the lease period.

5.2 Critical accounting estimates and assumptions

The accounting estimates made by the Group are based on the reasonable expectation of the future events under the condition of the specified dates, but the actual results may differ from the estimates. The following describes the estimates and assumptions that may have risks of material adjustments to the carrying assets and liability amounts in the next financial year：

1. Estimated impairment on financial assets

The assessment of impairment loss on accounts receivable is based on the Group's assumptions regarding default rate and expected loss ratio. The Group considers past experience, current market condition and prospective information to make the assumptions and choose the input value for the impairment loss assessment. For the material assumptions and input value used, please refer to illustrations in Note 6.4 for details. If the actual future cash flows are less than expected, material impairment loss may occur. As of December 31, 2021 and 2020, the book value of the Group's receivables were $1,614,949 thousand and $1,270,171 thousand, respectively.

2. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value. Such valuation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the valuation. As of December 31, 2021 and 2020, the book value of the Group's inventories were $2,247,309 thousand and $1,082,330 thousand, respectively (net of allowances for inventory obsolete or valuation losses of $118,689 thousand and $69,338 thousand, respectively).

3. Procedures to measure fair value and valuation

When there is no market quotes in an active market for the assets and liabilities measured at fair value, the Group, according to applicable laws and regulations or its own judgement, determines whether or not to outsource the valuation work and determine the proper fair-value valuation technique. If level one input value could not be obtained when estimating the fair value, the Group refers to the financial condition and operating results of the investees, most recent transaction prices, quotes in inactive market for the same equity instrument, quotes for similar instruments in active market, valuation multipliers for comparable companies and other information and determine the input value. If, in the future, the actual changes in input value differ from the expected value, changes in fair value may result. To monitor if the fair-value measurement is appropriate or not, the Group periodically updates the various input value based on market conditions. For illustrations to the fair-value valuation technique and input value, please refer to Note 12.4 for details. As of December 31, 2021 and 2020, the book value of the Group's investments in non-public stocks were $246,998 thousand and $208,709 thousand, respectively.

4. Impairment assessment of investments accounted for using the equity method

   The Group assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions. As of December 31, 2021 and 2020, after careful assessment by the Group, there was no material impairment loss.

5. Impairment assessment of tangible and intangible assets

   In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future. As of December 31, 2021 and 2020, the recorded accumulated impairment amount of the Group's intangible assets were both $2,175 thousand.

6. Realizability of deferred tax assets

   Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Group's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets. As of December 31, 2021 and 2020, the Group recorded $76,092 thousand and $128,837 thousand of deferred income tax assets, respectively；The non-recorded deferred income tax assets of the Group due to not very likely to have taxable income were $189 thousand and $54,818 thousand, respectively.

7. Calculation of net defined benefit obligation

When calculating the present value of defined pension obligations, the Group uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations. As of December 31, 2021 and 2020, the book value of the Group's net defined benefit obligation were $103,778 thousand and $111,549 thousand, respectively.

8. Incremental borrowing interest rate of lessee

When determining the lessee's incremental borrowing interest rate used for discounting lease payments, the risk-free rate under the same currency and relevant period is used as reference benchmark, along with consideration on the lessee's credit risk premium and specific lease adjustment (factors such as nature pledge of assets).

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 2,011	$ 2,005
Checking account	22,938	3,957
Demand deposits	31,729	50,867
Time deposits with original maturities within 3 months	14,770	13,569
Total	$ 71,448	$ 70,398

1. The Group has no cash and cash equivalents pledged to others.
2. As of December 31, 2021 and 2020, the range of market interest rates was 1.755% and 1.35%～1.765%, respectively.

6.2 FVTPL financial assets - current

Item	December 31, 2021	December 31, 2020
Mandatorily measured at FVTPL		
Listed stocks	$ 916,083	$ 602,967
Derivatives - forward exchange contract	–	207
Derivatives – foreign exchange swap	24	–
Total	$ 916,107	$ 603,174

1. Regarding details for the financial assets mandatorily measured at FVTPL (not including derivative instruments), please refer to Note 13(1) (2)-3.

2. The net (loss) gain (not including derivative instruments) recorded in profit or loss in 2021 and 2020 were $253,761 thousand and $14,717 thousand, respectively.
3. The purpose for the Group to engage in transactions in derivative instruments is to avoid risks on foreign-currency assets or liabilities due to exchange fluctuations, however, without adopting hedge accounting. As of December 31, 2021 and 2020, the existing contract assets (liabilities) for the derivative instruments are as following：

Financial Instrument	Buy/Sell Currency	Contract Amount	Fair Value	Contract Period Until Expiration
(1) December 31, 2021：				
Buy forward exchange contract	JPY/NTD	JPY107,000/NTD27,264	($ 1,526)	2022.1.21.
Foreign exchange swap	USD/NTD	USD 3,980/NTD110,122	$ 24	2021.1.10.～2022.1.14.

Financial Instrument	Buy/Sell Currency	Contract Amount	Fair Value	Contract Period Until Expiration
(2) December 31, 2020：				
Buy forward exchange contract	JPY/NTD	JPY524,000/NTD142,634	$ 207	2021.1.25.～2021.6.25.

The recorded net loss recorded in 2021 and 2020 due to the Group's engagement in derivative contractual transactions were $6,249 thousand and $1,124 thousand, respectively.

4. The Group has no FVTPL financial assets - current pledged to others.

6.3 Notes receivable

Item	December 31, 2021	December 31, 2020
Notes receivable	$ 269,770	$ 221,230
Less：Allowance for losses	–	–
Net amount	$ 269,770	$ 221,230

1. All of the Group's notes receivable are not overdue; the expected rate of credit loss is 0%.
2. The Group has no notes receivable pledged to others.

6.4 Accounts receivable (including related parties)

Item	December 31, 2021	December 31, 2020
Accounts receivable	$ 1,295,846	$ 975,915
Less：Allowance for losses	–	–
Subtotal	1,295,846	975,915
Accounts receivable - related parties	41,820	45,496
Less：Allowance for losses	–	–
Subtotal	41,820	45,496

Net amount	$ 1,337,666	$ 1,021,411

1. The loss allowances (including related parties) for accounts receivable measured according to the provision matrix are as following：

	December 31, 2021			December 31, 2020		
Aging	Total amount	Allowance for losses	Net amount	Total amount	Allowance for losses	Net amount
Not overdue	$1,214,213	$ -	$1,214,213	$1,007,526	$ -	$1,007,526
Overdue 1 ~ 30 days	119,625	-	119,625	11,176	-	11,176
Overdue 31 ~ 90 days	3,760	-	3,760	2,641	-	2,641
Overdue 91 ~ 180 days	-	-	-	-	-	-
Overdue 181 ~ 365 days	-	-	-	68	-	68
Overdue over 365 days	68	-	68	-	-	-
Total	$1,337,666	$ -	$1,337,666	$1,021,411	$ -	$1,021,411

The above analysis is based on the number of days overdue.

The expected rate of credit loss for the above respective account aging intervals (excluding abnormal receivables that are recognized 100%), Not overdue and Overdue within 90 days：0% ~ 5%, Overdue 90 ~ 365 days：25% ~ 50%, Overdue 365 or more days ： 100%. The risk of expected credit loss for the Group's non-overdue accounts receivable is very low ；For the part of overdue accounts receivable as of the balance sheet date, after considering other credit enhancing guarantees, subsequent receipts and offset conditions and other reasonable and verifiable information, the Group determines that there is no material change in the credit quality, and there is also no significant increase in credit risk after initial recognition. Therefore, the Group's management expects that such accounts receivable are not subjected to material credit loss due to default from the transaction parties. Therefore, allowance for losses was not adjusted.

2. The Group adopts the simplified method in applying IFRS 9 and recognizes allowance for the uncollectable accounts based on the expected credit loss during the existing period. The expected credit loss during the existing period is computed using provision matrix, after considering the customer's past defaulted records, history of past receipts, condition of increase in deferred payments that exceed the average credit period, the customer's present financial condition, and changes and prospective of observable country-wide or regional economic conditions and other prospective considerations. Since the Group's past credit loss experience shows that there was no significant difference in the types of loss among the different groups of customers, the provision matrix does not further distinguish these customer groups but only sets the expected rate of credit loss based on number of overdue days of the accounts

receivable and actual conditions. The Group does not hold any collateral for the accounts receivable.

If there is evidence shows that the transaction party has severe financial difficulties, and the Group could not be reasonably expected to recover the amounts, the Group would recognize 100% loss allowance or direct write off of the related accounts receivable. However, the Group would still continue the collection activities, and any recovered amount is recorded in profit or loss.

3. Movements of the allowance for losses (including related parties)：None
4. The Group has no accounts receivable (including related parties) pledged to others.

6.5 Other receivables

Item	December 31, 2021	December 31, 2020
Tax refund receivable	$ 4,073	$ 3
Discount receivable	1,302	–
Government grants receivable	150	15,493
Investment proceeds receivable	–	9,557
Others	1,988	2,477
Total	$ 7,513	$ 27,530

6.6 Inventories

Item	December 31, 2021			December 31, 2020		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Raw materials	$ 392,513	$ 25,458	$ 367,055	$ 213,644	$ 8,085	$ 205,559
Supplies	123,937	302	123,635	93,857	40	93,817
Work in process	186,993	6,186	180,807	130,879	5,070	125,809
Finished goods	1,352,311	74,330	1,277,981	676,479	53,713	622,766
Finished goods purchased from outside	49,577	12,413	37,164	25,867	2,430	23,437
In-transit raw materials	260,667	–	260,667	10,942	–	10,942
Total	$2,365,998	$ 118,689	$2,247,309	$1,151,668	$ 69,338	$1,082,330

1. Cost of goods sold and other operating costs：

Item	2021	2020
Cost of goods sold	$ 9,849,665	$ 7,341,764
Plus：Outsourced processing costs	27,824	22,561
Plus：Unallocated labor and overheads	109,001	339,182
Plus：Loss on scrapping of inventories	1,218	3,183
Less：Loss on inventory counts, net	27	-
Plus：Loss on net realizable value of inventories	49,351	-
Less：Gain on inventory counts, net	-	(159)
Less：Gain from price recovery of inventories	-	(91,356)
Less：Scrap sales	(40,525)	(24,031)
Operating costs recorded	$ 9,996,561	$ 7,591,144

2. In the years of 2021 and 2020, the Group recorded $49,351 thousand and ($91,356) thousand of loss on net realizable value (gain from price recovery) of inventories, respectively, mainly due to price recovery of inventories and consumption of stock.
3. The Group has no inventories pledged to others.

6.7 Prepayments

Item	December 31, 2021	December 31, 2020
Prepayments for materials	$ 40,761	$ 15,069
Prepaid insurance	610	695
Office supplies	282	281
Input VAT	511	465
Excess sales tax paid	395	78
Others	5,321	2,399
Total	$ 47,880	$ 18,987

6.8 FVTOCI financial assets - noncurrent

Item	December 31, 2021	December 31, 2020
Domestic unlisted stocks		
Lilyent Corp.	$ 28, 812	$ 28, 812
Yen Hsing Textile Co., Ltd.	90, 090	90, 090
Yi Tong Fiber Co., Ltd.	19, 800	19, 800
Chu Sing Industrial Co., Ltd.	700	700
Ability I Venture Capital Corp.	14, 229	22, 950
Ability Asia Capital Corp.	20, 000	20, 000
Domestic limited partnership		
Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	13, 200	-
Subtotal	186, 831	182, 352
Plus：Valuation adjustment	60, 167	26, 357
Net amount	$ 246, 998	$ 208, 709

1. The Group's investments in the above domestic unlisted stocks are not held for short-term profit. The management thinks that if fluctuations in short-term fair value of such investments are recorded in profit or loss, the accounting treatment would not be consistent with the investment planning. Therefore, it is determined that these investments are designated as measured at FVTOCI.
2. From January 1, 2021 to December 31, 2021, the Group made $13,200 thousand of new equity investment in Ability Asia Capital II Outstanding Transformation Growth Limited Partnership；As of December 31, 2021, the Group had $13,200 thousand of accumulated equity investment in the above limited partnership, which accounted for 1.58% of the total subscription amount. The Group plans to make $40,000 thousand of total investment in the limited partnership.
3. Using June 10, 2021 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 29,070 thousand shares of its common shares, totaled $290,700 thousand, with capital reduction rate of 38%. 872 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was $8,721 thousand.
4. Using July 21, 2020 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 8,500 thousand shares of its common shares, totaled $85,000 thousand, with capital reduction rate of 10%. 255 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was $2,550 thousand.

5. The Group's investments in structural individual entities are limited partnership equity interests in nature, therefore, there was no transaction quantity or unit transaction price. In addition, the Group only bears the rights and obligations to the extent of the scope of investment contracts and does not have significant influence over those investments. Therefore, the largest risk exposure amounts as of the balance sheet date were the book value of those investments.
6. In 2021 and 2020, the net gain (loss) due to fair-value fluctuations was $33,810 thousand and $12,248 thousand, respectively, and was recorded in other comprehensive income and accumulated in other equity；The amount directly transferred to retained earnings from accumulated profit or loss from disposal of investments was zero for both years.
7. None of the Group's held FVTOCI financial assets is offered as collateral or pledged to others.

6.9 Investments accounted for using the equity method

1. Invested subsidiaries/Subsidiaries not included in Consolidated Financial Statements

	December 31, 2021		December 31, 2020	
Subsidiaries	Book value	Holding %	Book value	Holding %
ZIS Holding Co., Ltd.	$ －	100%	$ －	100%

2. ZIS Holding Co., Ltd. is the Group's 100% foreign investee company. The Group invested 5,400 thousand shares of the company, USD1.00 per share, totaled USD5,400 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 091018941 Letter on August 1, 2002.
3. The shares of profit (loss) and other comprehensive income from the subsidiaries under equity method in 2021 and 2020 were evaluated and recognized according to the audited financial statements of the investee companies in the respective periods.
4. None of investments under equity method held by the Group were pledged to others.
5. Regarding the business nature, main operating locations, country of business registration of the above subsidiaries and their investments in Mainland China, please refer to Note 13.1,2-10, and Note 13.3.
6. The Group's invested subsidiary, ZIS Holding Co., Ltd., conducts investments in various businesses other than Taiwan region according to instructions by management policies of the parent company. As of December 31, 2021 and 2020, the total asset, total liability and total equity of the Group's invested subsidiary, ZIS Holding Co., Ltd., were all zero, and the subsidiary did not have any income, expenses or losses

during the above periods. Therefore, the subsidiary is not included as a component entity in the Consolidated Financial Statements.

6.10 Property, plant and equipment

Item	December 31, 2021		December 31, 2020	
Land	$	1,786,837	$	1,786,837
Buildings		2,980,375		2,939,680
Machinery		9,379,348		8,983,012
Transportation equipment		80,913		80,624
Other equipment		335,014		258,297
Equipment to be inspected and construction in progress		64,934		270,825
Total cost		14,627,421		14,319,275
Less： Accumulated depreciation	(	9,910,208)	(	9,581,227)
Less：Accumulated impairment	(	2,175)	(	2,175)
Net amount	$	4,715,038	$	4,735,873

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost：							
Balance, January 1, 2021	$1,786,837	$2,939,680	$ 8,983,012	$ 80,624	$ 258,297	$ 270,825	$14,319,275
Additions	-	3,219	25,792	2,061	17,555	166,298	214,925
Disposals	-	-	(110,809)	(1,897)	(3,222)	-	(115,928)
Reclassification (note)	-	37,476	481,353	125	62,384	(372,189)	209,149
Balance, December 31, 2021	$1,786,837	$2,980,375	$ 9,379,348	$ 80,913	$ 335,014	$ 64,934	$14,627,421
Accumulated depreciation and impairment：							
Balance, January 1, 2021	$ -	$1,523,869	$ 7,782,420	$ 75,122	$ 201,991	$ -	$ 9,583,402
Depreciation expense	-	94,104	334,779	2,140	13,446	-	444,469
Disposals	-	-	(110,369)	(1,897)	(3,222)	-	(115,488)
Reclassification	-	-	-	-	-	-	-
Balance, December 31, 2021	$ -	$1,617,973	$ 8,006,830	$ 75,365	$ 212,215	$ -	$ 9,912,383

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost：							
Balance, January 1, 2020	$1,786,837	$2,893,263	$ 8,439,161	$ 81,781	$ 249,745	$ 393,458	$13,844,245
Additions	-	3,457	17,565	665	2,638	151,386	175,711
Disposals	-	(370)	(71,777)	(1,822)	(2,840)	-	(76,809)
Reclassification (note)	-	43,330	598,063	-	8,754	(274,019)	376,128
Balance, December 31, 2020	$1,786,837	$2,939,680	$ 8,983,012	$ 80,624	$ 258,297	$ 270,825	$14,319,275
Accumulated depreciation and impairment：							
Balance, January 1, 2020	$ -	$1,429,907	$ 7,400,761	$ 73,997	$ 192,855	$ -	$ 9,097,520
Depreciation expense	-	94,254	452,166	2,947	11,972	-	561,339
Disposals	-	(292)	(70,507)	(1,822)	(2,836)	-	(75,457)
Reclassification	-	-	-	-	-	-	-
Balance, December 31, 2020	$ -	$1,523,869	$ 7,782,420	$ 75,122	$ 201,991	$ -	$ 9,583,402

Note：The net increase from reclassifications of inventories in 2021 and 2020 were $17,844 thousand and $37,672 thousand, respectively；reclassifications from prepayments for equipment were $192,658 thousand and $338,456 thousand, respectively ；reclassifications to intangible assets were $1,353 thousand and $0, respectively.

1. The Group’s property, plant and equipment are mainly for self-use.
2. Reconciliation between the additions of property, plant and equipment in the current period and those in the statements of cash flows：

Item	2021	2021
Increase in property, plant and equipment	$ 214,925	$ 175,711
Plus：Decrease (increase) in payables for equipment	3,089	(6,670)
Cash payment	$ 218,014	$ 169,041

3. The amount of capitalized borrowing cost and interest interval of property, plant and equipment：None
4. Material components of property, plant and equipment are depreciated at straight-line method based on the following useful lives：

(1) Buildings

Main factory buildings	20~60 years	Warehouses and dorms	10~60 years
Auxiliary buildings	5~60 years	Electric water purification equip.	9~40 years
Others	5~50 years		

(2) Machinery and equipment

Manufacturing equip.	5~25 years	Auxiliary manufacturing equip.	3~21 years
Electric power equip.	8~18 years	Air conditioner and boilers	5~16 years
Auto-storage equip.	9~16 years		

(3) Transportation equipment

For manufacturing	6~18 years	For non-manufacturing	5~11 years

(4) Other equipment

Office equipment	3~21 years	Others	7~25 years

5. Since part of the Group's machinery could not be utilized to its full capacity, the expected future cash flows from the manufacturing machinery are reduced, which led to its recoverable amount smaller than its book value. After careful assessment by the Group, as of December 31, 2021 and 2020, the Group recorded $2,175 thousand of accumulated impairment loss on property, plant and equipment for both of the years.
6. No property, plant and equipment held by the Group were pledged to others.

6.11 Leases

1. Right-of-use assets

Item	December 31, 2021	December 31, 2020
Buildings	$ 77,746	$ 68,195
Machinery equipment	34,717	34,734
Total cost	112,463	102,929
Less：Accumulated depreciation	(37,790)	(24,495)
Less：Accumulated impairment	－	－
Net amount	$ 74,673	$ 78,434

Item	Buildings	Machinery equipment	Transportation equipment	Total
Cost：				
2021.01.01 balance	$ 68,195	$ 34,734	$ –	$ 102,929
Addition/Remeasurement	9,565	(17)	–	9,548
Disposal/Write-offs	–	–	–	–
Foreign exchange effect	(14)	–	–	(14)
2021.12.31 balance	$ 77,746	$ 34,717	$ –	$ 112,463
Accumulated depreciation and impairment：				
2021.01.01 balance	$ 10,632	$ 13,863	$ –	$ 24,495
Depreciation expense	6,351	6,953	–	13,304
Disposal/Write-offs	–	–	–	–
Foreign exchange effect	(9)	–	–	(9)
2021.12.31 balance	$ 16,974	$ 20,816	$ –	$ 37,790

Item	Buildings	Machinery equipment	Transportation equipment	Total
Cost：				
2020.1.1 balance	$ 70,102	$ 34,646	$ 8,453	$ 113,201
Addition/Remeasurement	–	88	(613)	(525)
Disposal/Write-offs	(1,886)	–	(7,840)	(9,726)
Foreign exchange effect	(21)	–	–	(21)
2020.12.31 balance	$ 68,195	$ 34,734	$ –	$ 102,929
Accumulated depreciation and impairment：				
2020.1.1 balance	$ 5,522	$ 6,913	$ 1,691	$ 14,126
Depreciation expense	6,121	6,950	382	13,453
Disposal/Write-offs	(1,009)	–	(2,073)	(3,082)
Foreign exchange effect	(2)	–	–	(2)
2020.12.31 balance	$ 10,632	$ 13,863	$ –	$ 24,495

2. Lease liabilities

	December 31, 2021		December 31, 2020	
Item	Current	Noncurrent	Current	Noncurrent
Buildings	$ 5,838	$ 56,059	$ 5,370	$ 52,965
Machinery equipment	7,610	7,084	7,551	14,114
Total	$ 13,448	$ 63,143	$ 12,921	$ 67,079

Item	Buildings	Machinery equipment	Transportation equipment	Total
Lease liabilities：				
2021.01.01 balance	$ 58,335	$ 21,665	$ －	$ 80,000
Addition/Remeasurement	9,565	(17)	－	9,548
Disposal/Write-offs	－	－	－	－
Lease principal repayment	(5,998)	(6,954)	－	(12,952)
Foreign exchange effect	(5)	－	－	(5)
2021.12.31 balance	$ 61,897	$ 14,694	$ －	$ 76,591

Item	Buildings	Machinery equipment	Transportation equipment	Total
Lease liabilities：				
2020.1.1 balance	$ 64,920	$ 28,488	$ 6,936	$ 100,344
Addition/Remeasurement	－	88	(613)	(525)
Disposal/Write-offs	(881)	－	(5,806)	(6,687)
Lease principal repayment	(5,685)	(6,911)	(517)	(13,113)
Foreign exchange effect	(19)	－	－	(19)
2020.12.31 balance	$ 58,335	$ 21,665	$ －	$ 80,000

(1) Lease periods and range of discount rates for lease liabilities are shown as below：

Item	Expected lease period (including renewal rights)	December 31, 2021	December 31, 2020
Buildings	3～15 years	0.17%～1.42%	0.69%～1.42%
Machinery equipment	5 years	1.00%	1.00%

(2) Maturity analysis for the Group's lease liabilities：

Item	December 31, 2021	December 31, 2020
Within 1 year	$ 14,414	$ 13,902
Over 1 year but within 5 years	29,379	34,027
Over 5 years but within 10 years	27,626	23,839
Over 10 years but within 15 years	11,050	14,304
Over 15 years but within 20 years	－	－
Over 20 years	－	－
Undiscounted total lease payments	$ 82,469	$ 86,072

3. Material leasing activities and terms

(1) The Group leases buildings, machinery equipment and transportation equipment, etc. Upon termination of the leases, the Group does not have favorable renewal rights toward the target leased assets. Part of the leases are attached with renewal

rights upon maturities. Lease contracts are individually negotiated with different terms and conditions, and the lease payments for part of lease contracts may be adjusted according to Consumer Price Index. Except that the leased targets shall not be used as collaterals for borrowings, without consent from the lessors, the Group shall not sublease or transfer all or part of the leased targets. No other restriction applies.

(2) Option to extend leases

Part of the lease targets in the Group's lease contract contain enforceable option for the Group to extend the leases. Such clauses are general practices of the lessors to enable the Group to have more flexibility in business operations and use the assets more efficiently. When the Group determines the lease periods, all facts and situations of economic incentives generated from exercising the right to extend the leases are considered. When events occurred which materially affect the assessment on the enforcement of extension option or non-exercising of the termination option, the lease periods would be re-estimated.

4. Sublease：None

5. Other relevant information on leases

In 2021 and 2020, based on the operating lease contracts, the Group recorded rental income of $74,655 thousand and $75,231 thousand, respectively, none of which was gain from variable lease payments.

Regarding the Group's agreements for leasing out investment properties under operating lease, please refer to Note 6.13-6.

(1) Income and loss items related to lease contracts：

Item	2021		2020	
Short-term lease expense	$	544	$	143
Low-value-assets lease expense		-		-
Expense on variable lease payments		-		-
Total	$	544	$	143
Interest expense on lease liabilities	$	1,107	$	1,133
Gain from sublease of right-of-use assets	$	-	$	-
Gain (loss) generated from amendment of lease transactions	$	-	$	43

The Group chooses to adopt exemption treatment for recording short-term leases and low-value-assets liabilities that meet the criteria and does not record right-of-use assets and lease liabilities for these leases.

(2) In 2021 and 2020, the total cash out flows were $14,603 thousand and $14,389 thousand, respectively.

(3) After careful assessment on the right-of-use assets, none of right-of-use assets were impaired.

6.12 Investment properties

Item	December 31, 2021	December 31, 2020
Land	$ 583, 429	$ 583, 429
Land improvements	418, 746	418, 746
Investment properties under construction	3, 631	–
Subtotal	1, 005, 806	1, 002, 175
Less： Accumulated depreciation	(362, 136)	(356, 990)
Less： Accumulated impairment	–	–
Net amount	$ 643, 670	$ 645, 185

Item	Land	Land improvements	Investment properties under construction	Total
Cost：				
Balance, January 1, 2021	$ 583, 429	$ 418, 746	$ –	$ 1, 002, 175
Additions	–	–	3, 631	3, 631
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2021	$ 583, 429	$ 418, 746	$ 3, 631	$ 1, 005, 806
Depreciation and impairment：				
Balance, January 1, 2021	$ –	$ 356, 990	$ –	$ 356, 990
Depreciation expense	–	5, 146	–	5, 146
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2021	$ –	$ 362, 136	$ –	$ 362, 136

Item	Land	Land improvements	Investment properties under construction	Total
Cost：				
Balance, January 1, 2020	$ 583,429	$ 418,746	$ －	$ 1,002,175
Additions	－	－	－	－
Disposals	－	－	－	－
Reclassification	－	－	－	－
Balance, December 31, 2020	$ 583,429	$ 418,746	$ －	$ 1,002,175
Depreciation and impairment：				
Balance, January 1, 2020	$ －	$ 345,438	$ －	$ 345,438
Depreciation expense	－	11,552	－	11,552
Disposals	－	－	－	－
Reclassification	－	－	－	－
Balance, December 31, 2020	$ －	$ 356,990	$ －	$ 356,990

1. Amount and range of interest rates of capitalized borrowing cost of investment properties：None
2. Rental income from investment properties and direct operating expenses arising from investment property are shown below：

Item	2021	2020
Rental income from investment properties	$ 74,568	$ 75,110
Direct operating expenses arising from the investment properties that generated rental income during the period	$ 12,503	$ 18,745
Direct operating expenses arising from the investment properties that did not generate rental income during the period	$ －	$ －

3. The Group's investment properties are located at Meishi Section of Yangmei District in Taoyuan City, Chungxing Section of Pingzhen District in Taoyuan City and Beigang Section of Dayuan District in Taoyuan City. Since those sections are located in industrial area, the transactions in the comparable market are infrequent, and reliable estimates of fair value are not available, the fair value could not be reliably determined.
4. After careful assessment by the Group, the investment properties are not impaired.
5. All investment properties held by the Group were self-owned and not pledged to others.

6. Lease agreements – the Group as lessor

The lease contract periods of the Group' leased out investment property (including land, the attached improvements, etc.) range from 3~18 years, upon termination of the leases, the lessors do not have favorable lease rights toward the leased assets. Rents are collected according to the contracts, most of the lease contracts can be renewed according to market prices upon termination of the leases and include clauses which adjust rents according to market environment each year. The minimum collectable amount of total lease payments in the future are as following：

Item	December 31, 2021	December 31, 2020
1st year	$ 76,416	$ 76,416
2nd year	28,076	76,416
3rd year	18,858	28,076
4th year	18,948	18,858
5th year	18,948	18,948
Over 5 years	224,484	243,432
Total	$ 385,730	$ 462,146

6.13 Intangible assets

Item	December 31, 2021	December 31, 2020
Cost of computer software	$ 7,022	$ 6,284
Less： Accumulated amortization	(4,889)	(5,233)
Less： Accumulated impairment	–	–
Net amount	$ 2,133	$ 1,051

Item	2021	2020
Cost of computer software：		
Beginning balance	$ 6,284	$ 7,207
Addition – from individual	907	76
Disposal / Write-off	(1,522)	(999)
Reclassification (Note)	1,353	–
Ending balance	$ 7,022	$ 6,284
Accumulated amortization and impairment：		
Beginning balance	$ 5,233	$ 4,343
Amortization expense	1,178	1,889
Disposal / Write-off	(1,522)	(999)
Reclassification	–	–
Ending balance	$ 4,889	$ 5,233

Note：Net increased amount in reclassification was transferred from property, plant and equipment.

1. The amount of capitalized borrowing cost and interest interval of intangible assets：None
2. The Group's intangible assets are amortized at straight-line method based on the following useful life：

   Computer software 3 years
3. After careful assessment by the Group, the Group's intangible assets are not impaired.
4. No intangible assets held by the Group were pledged to others.
5. Amortization of intangible assets by function：

Item	2021		2020	
Operating cost	$	335	$	374
Operating expense				
Sales expense		–		–
Administration expense		779		1, 515
R&D expense		64		–
Subtotal		843		1, 515
Total	$	1, 178	$	1, 889

6.14 Guarantee deposits paid

Item	December 31, 2021		December 31, 2020	
Rental deposits - lessee	$	298	$	293
Deposits for natural gas		22, 572		24, 021
Membership deposits		500		500
Others		109		129
Total	$	23, 479	$	24, 943

6.15 Other noncurrent assets - other

Item	December 31, 2021		December 31, 2020	
Long-term prepaid expenses	$	449	$	1, 094
Pallets		46, 753		31, 314
Total	$	47, 202	$	32, 408

Item	2021		2020	
Other noncurrent assets				
Beginning balance	$	32, 408	$	37, 693
Addition– from individual		40, 753		20, 845
Amortization expense	(	25, 959)	(	26, 130)
Ending balance	$	47, 202	$	32, 408

6.16 Short-term borrowings

Item	December 31, 2021	December 31, 2020
Credit loans	$ 1,260,000	$ 710,000
Interest rates	0.52%～0.91%	0.52%～0.89%

The Group issued promising notes by the amounts equal to the above loans to the banks as collaterals for the short-term borrowing contracts.

6.17 Short-term notes and bills payable

Item	December 31, 2021	December 31, 2020
Commercial paper	$ 500,000	$ 450,000
Less：Unamortized discount	(155)	(66)
Net amount	$ 499,845	$ 449,934
Interest rates	0.58%～0.69%	0.39%～0.60%

The commercial papers of the Group were issued with guarantees by the security firms or banks, and promising notes by the amounts equal to the loans were issued as collaterals for repayment of the loans.

6.18 Financial liabilities measured at fair value through profit or loss - current

Item	December 31, 2021	December 31, 2020
Mandatorily measured at FVTPL		
Derivative - foreign exchange swap contract	$ 1,526	$ －

Please refer to Note 6.2-3 for details.

6.19 Notes and accounts payable

The recorded notes and accounts payable are mainly from business operations. The Group has an established financial risk management policy for ensuring all payables are repaid within the credit deadlines agreed previously.

6.20 Other payables

Item	December 31, 2021		December 31, 2020	
Payroll and bonus payable	$	185,589	$	133,034
Employees compensation payable		21,149		–
Directors' and supervisor's remuneration payable		31,723		–
Interest payable		317		188
Insurance payable		15,003		13,752
Transportation fees payable		8,821		7,167
Utilities payable		45,590		44,395
Export fees payable		22,711		22,340
Processing outsourcing fees payable		502		193
Professional service fees payable		1,337		1,237
Taxes payable		7,079		7,220
Sales tax payable		4,063		6,424
Payables for equipment		34,161		37,250
Investment proceeds payable		10,289		12,485
Others payable		20,674		18,313
Total	$	409,008	$	303,998

6.21 Provisions - current

Item	December 31, 2021		December 31, 2020	
Employee benefits – paid leaves	$	25,572	$	24,573

1. Provisions for employee benefits – current are estimation of employees' vested rights for paid leaves. In most cases, sick leaves, maternity leaves or paternity leaves are contingent in nature, which are determined by future events and not from accruals. Therefore, such costs are recognized at the time when occurred.
2. Movement in provisions for employee benefits – current：

Item	2021		2020	
Beginning balance	$	24,573	$	25,163
Addition		25,720		24,584
Used amount	(	24,721)	(	25,174)
Reversal amount		–		–
Ending balance	$	25,572	$	24,573

6.22 Other current liabilities – other

Item	December 31, 2021	December 31, 2020
Receipts under custody	$ 1,604	$ 936

6.23 Pension benefit plans

Item	December 31, 2021	December 31, 2020
Defined benefit plan	$ 98,383	$ 106,415
Defined contribution plan	5,395	5,134
Total	$ 103,778	$ 111,549

1.Defined benefit plan

(1) The Company of the Group have a defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued (within 15 service years, 2 units are given for each year; 1 unit is given for each year over 15 service years, and the overall accrued units is limited to 45) and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2.5% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March.

(2) Amounts recognized in the balance sheet are as follows：

Item	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 108,139	$ 119,362
Fair value of plan assets	(9,756)	(12,947)
Net defined benefit liability	$ 98,383	$ 106,415

(3) Movements in net defined benefit liabilities are as follows：

Item	2021		2020	
Balance at January 1	$	119,362	$	127,809
Current service cost		－		－
Interest expense		475		956
Actuarial (gains)	(	2,406)	(	2,383)
Remeasurements – actuarial loss (gain)：				
Effect of change in demographic assumptions		423		1
Effect of change in financial assumptions	(	4,414)		5,548
Experience adjustments		4,605	(	4,422)
Paid benefits		－	(	591)
Repayments	(	9,906)	(	7,556)
Balance at December 31	$	108,139	$	119,362

(4) Movements in fair value of plan assets are as follows：

Item	2021		2020	
Balance at January 1	$	12,947	$	13,826
Interest income		55		112
Remeasurements：				
Return on plan assets in addition to net interest		176		538
Contribution by employer		6,484		6,618
Benefits paid from plan assets		－	(	591)
Repayments from plan assets	(	9,906)	(	7,556)
Balance at December 31	$	9,756	$	12,947

(5) The amounts of defined benefit costs related to defined benefit plan recognized in the statements of comprehensive are listed as follows：

Item	2021	2020
Current service cost	$ －	$ －
Interest expense of define benefit obligations	475	956
Loss (gain) on repayments	(2,406)	(2,383)
Interest income from plan	(55)	(112)
Recorded in loss (gain)	($ 1,986)	($ 1,539)

Item	2021	2020
Remeasurements：		
Effect of change in demographic assumptions	$ 423	$ 1
Effect of change in financial assumptions	(4,414)	5,548
Experience adjustments	4,605	(4,422)
Return on plan assets in addition to net interest	(176)	(538)
Recognized in other comprehensive loss (income)	$ 438	$ 589

(6) The above net amounts of pension costs under defined benefit plan recognized in profit or loss are shown by function as below：

Item	2021	2020
Operating cost	($ 1,733)	($ 1,301)
Operating expense		
Sales expense	(66)	(72)
Administration expense	(150)	(141)
R&D expense	(37)	(25)
Subtotal	(253)	(238)
Total	($ 1,986)	($ 1,539)

(7) The Company's defined pension plan fund is managed by Bank of Taiwan within the ratio and amount limits of management items regulated according to the fund's annual investment plan and in according with the items listed in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (that is, "Deposit in domestic or foreign financial institutions", "Investment in domestic or foreign listed, over-the-counter, or private placement equity securities" , "Investment in domestic or foreign real estate and its securitization products", etc.). The management of the fund is subjected to supervision by the Labor Pension Fund Supervisory Committee. The annual return distribution of the fund cannot be lower than the return from a 2-year time

deposit in the local bank. If there is deficiency, the difference should be made up by the government. Since the Company does not have the right to participate in the management of the fund, the Company is unable to disclose the fair-value classification of the plan assets according to Paragraph 142 of IAS 19. For fair value of the constituents of the total plan assets as of December 31, 2021 and 2020, please refer to the labor pension fund management reports published by the government for the respective years.

(8) The present value of the Company’s defined benefit obligation was computed by qualified actuary. The main actuarial assumptions used were as follows：

Item	2021	2020
Discount rate	0.70%	0.40%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	12 years	12 years

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(9) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks：

A. Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

B. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(10) Reasonably possible changes at December 31, 2021 and 2020 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below：

Item	Discount rate		Future salary increase rate	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
December 31, 2021				
Effects to present value of defined benefit obligation	($ 3,207)	$ 3,345	$ 3,293	($ 3,175)
December 31, 2020				
Effects to present value of defined benefit obligation	($ 3,729)	$ 3,895	$ 3,823	($ 3,681)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolate

ion of one another as some of the assumptions may be correlated. In addition, in the aforementioned sensitivity analysis, the present value of the defined benefit obligation by the end of reporting period was computed using the Projected Unit Credit Method, which uses the same measurement basis adopted the defined benefit liability listed in the balance sheet the methods and assumptions used for preparing the sensitivity analysis in this period are the same as those of prior period.

(11) The contribution that the Company expects to make to its defined benefit pension plans and payment in next year 2022 are $2,565 thousand and $1,237 thousand, respectively.

2. Defined contribution plan

(1) The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan applicable to employees holding R.O.C. citizenship. Pursuant to the plan, the Group and its domestic subsidiaries make monthly contributions of 6% of each individual employee’s salary or wage to employees’ pension accounts. The employees’ pensions, according to their respective pension accounts and accumulated profit amount, will be paid in a lump sum amount or paid monthly. That is, no addition statutory or presumed obligation to make additional payment.

(2) Pension benefits for employees of subsidiaries overseas were provided in accordance with the local regulations. The employees’ pensions are organized and managed by the governments and paid by local governments in a lump sum amount or paid monthly according to the regulations, no further obligation.

(3) According to the above defined contribution plan, the Group had recorded $31,359 thousand and $31,978 thousand of pension expense in 2021 and 2020, respectively ; as of December 31, 2021 and 2020, according to the above defined

contribution plan, the Company had recognized $5,395 thousand and $5,134 thousand of net defined benefit liability, respectively.

(4) The above amounts of pension costs under defined contribution plan recognized in profit or loss are shown by function as below：

Item	2021		2020	
Operating cost	$	26, 275	$	26, 862
Operating expense				
Sales expense		1, 747		1, 674
Administration expense		2, 093		2, 086
R&D expense		1, 244		1, 356
Subtotal		5, 084		5, 116
Total	$	31, 359	$	31, 978

6.24 Guarantee deposits received

Item	December 31, 2021		December 31, 2020	
Rental deposits – rent out	$	22, 614	$	22, 614
Others		550		550
Total	$	23, 164	$	23, 164

6.25 Share capital

Item	December 31, 2021		December 31, 2020	
Authorized number of shares (thousands of shares)		800, 000		800, 000
Authorized capital	$	8, 000, 000	$	8, 000, 000
Issued shares with proceeds fully received (thousands of shares)		531, 688		550, 001
Raised capital	$	5, 316, 884	$	5, 500, 014

1. The par value of each issued common stock is NT$10, each share has 1 voting right and right of receiving dividend.
2. The main reason for the change in the Company's capital in this period was due to cancellation of treasury shares, please refer to Note 6.29-2 ~ 4for details.

6.26 Capital surplus

Item	December 31, 2021		December 31, 2020	
Additional paid-in capital	$	210, 318	$	316, 656
Surplus from treasury stock transactions		188, 021		175, 460
Uncollected overdue dividends by shareholders		496		41

Total	$ 398,835	$ 492,157

According to the Company Act, in addition to offsetting against accumulated loss, when a company does not have accumulated loss, the capital surplus from additional paid-in capital in excess of par during stock issuance and from gifts received may be distributed to shareholders in form of new shares or cash according to their respective shareholding ratios. And according to the Securities and Exchange Act, when reinvest the above capital surplus as additional capital, the total amount is limited to 10% of the received capital. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. In addition, regarding uncollected overdue dividends, since such capital surplus are different from the capital surplus as defined in Article 239 of Company Act in nature, they shall not be used for any purpose.

6.27 Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
2. The Company's dividend policy is as following：
   The Company shall consider changes in business environment, considers future operating funds required from life cycles of various products and services and the effects of tax rules, in the goal of sustaining stable dividend distributions, dividends are distributed according to the set ratios under the corporate charter. After measuring the required funds in future years, profitability, financial structure, and dilution effects on shares, and other factors, the Board of Directors develops an appropriate ratio of dividends in cash and in stocks and submits for approval at the shareholders' meeting. The Company would distribute cash dividends as priority. If there are major investment plans or needs for improving financial structure, part of dividends would be distributed in stocks. In order to avoid over-inflation of share capital and affect the level of dividend distribution in future years, 0%~60% of the Company's distributable current-year earnings are appropriated as dividends.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.

4. Upon earnings distribution, in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021 and regulations under "Q&A on Recording Special Reserve After Adopting IFRSs", the Company shall set aside or reverse special reserve. When the net deduction item on other equity later is reversed, the reversed amount could be included in the distributable earnings.
5. The appropriations of 2020 and 2019 earnings have been approved by the shareholders in its meetings on July 23, 2021 and June 22, 2020, respectively. The appropriations and dividends per share were as follows：

Distribution item	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Record legal reserve	$ －	$ －	－	－
Record (reverse) special reserve	－	－	－	－
Cash dividends	53,169	－	$ 0.10	$ －
Stock dividends	－	－	－	－

In addition, on July 23, 2021, the shareholders' annual meeting passed a resolution to distribute cash from additional paid-in capital – common share premium (NT$0.2 per common share), totaled NT$106,338 thousand.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6. The appropriation of earnings for 2021 had been proposed by the Board of Directors on March 11, 2022 (not yet been approved by the shareholders' meeting), which planned distribute cash dividend of NT$0.8 per share, totaled $425,351 thousand of cash dividend.

6.28 Other equity item

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2021	($ 219)	$ 26,357	$ 26,138
Directly Recognized as other equity adjustment items	(51)	33,810	33,759
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	–	–
Shares recognized under equity method	–	–	–
Income tax related to other equity items	–	–	–
Balance, December 31, 2021	($ 270)	$ 60,167	$ 59,897

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2020	($ 654)	$ 14,109	$ 13,455
Directly recognized as other equity adjustment items	435	12,248	12,683
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	–	–
Shares recognized under equity method	–	–	–
Income tax related to other equity items	–	–	–
Balance, December 31, 2020	($ 219)	$ 26,357	$ 26,138

6.29 Treasury shares

1. Reason for redemption of shares and the changes are summarized as following：

January 1 to December 31, 2021

	Beginning balance		Increase in this period		Decrease in this period		Ending balance	
Reason for redemption	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Maintain company credit and shareholders' rights	17,305	$ 160,576	1,008	$ 9,993	18,313	$ 170,569	–	$ –

January 1 to December 31, 2020

	Beginning balance		Increase in this period		Decrease in this period		Ending balance	
Reason for redemption	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Maintain company credit and shareholders' rights	–	$ –	79,067	$ 646,436	61,762	$ 485,860	17,305	$ 160,576

2. On March 20, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from March 23, 2020 to May 22, 2020, the Group would buy back 60,000 thousand shares of the Company at NT$3.41 ～NT$10.05 from the stock exchange market. In order to balance the market trading mechanism and secure the overall shareholders' rights, the treasury shares were bought back in separate batches depending on changes in prices trading volume of the shares. Considering that, during the buy-back period, the stock prices had been stabilized, and the daily trading volume is not high, the buy-back plan was not fully carried out, only 33,763 thousand shares were bought back from the stock exchange market, with buy-back cost totaled $239,692 thousand. The Group set June 24, 2020 as the base date for capital reduction, cancelled the purchased treasury shares (totaled 33,763 thousand of common shares, with par value of NT$10 per share and $337,630 thousand in total), with the related business registrations completed. Upon cancellation of the treasury shares, the difference of carrying value of the treasury shares over the par value of the cancelled shares, which totaled $97,938 thousand, was recorded as Capital surplus – premium on treasury-share transactions.
3. On August 18, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from August 19, 2020 to October 18, 2020, the Group would buy back 40,000 thousand shares of the Company at NT$5.24～NT$10.72 from the stock exchange market. In order to balance the market trading mechanism and secure the overall shareholders' rights, the treasury shares were bought back in separate batches depending on changes in prices trading volume of the shares. Considering that, during the buy-back period, the stock prices had been stabilized, and the daily trading volume is not high, the buy-back plan was not fully carried out, only 27,999 thousand shares were bought back from the stock exchange market, with buy-back cost totaled $246,168 thousand. The Group set October 29, 2020 as the base date for capital reduction, cancelled the purchased treasury shares (totaled 27,999 thousand of common shares, with par value of NT$10 per share and $279,990 thousand in total), with the related business registrations completed. Upon cancellation of the treasury shares, the difference of carrying value of the treasury shares over the par value of the cancelled shares, which totaled $33,822 thousand, was recorded as Capital surplus – premium on treasury-share transactions.
4. On November 13, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from November 16, 2020 to January 12, 2020, the Group would buy back 30,000 thousand shares of the Company at NT$6.04～NT$12.52 from the stock exchange market. As of December 31, 2020,

17,305 thousand treasury shares were bought back, with buy-back cost totaled $160,576 thousand.

5. According to Securities and Exchange Act, the Group shall not buy back more than 10% of its total outstanding shares ; the total dollar amount of buy-back shares shall not exceed the summary of retained earnings, additional paid-in capital in excess of par and realized capital surplus. The Group used the Board of Director resolution date and met the regulations under Securities and Exchange Act.
6. According to Securities and Exchange Act, the purchased shares due to maintaining company credit and the shareholders' rights shall be cancelled and registration filed within 6 months.
7. According to Securities and Exchange Act, the Group's held treasury shares shall not be pledged or entitled to receive dividends or voting rights, etc.

6.30 Operating revenue

Item	2021	2020
Revenue from contracts with customers		
Sales revenue	$ 11, 183, 844	$ 7, 649, 637
Service revenue	34, 669	25, 970
Net amount	$ 11, 218, 513	$ 7, 675, 607

1. Breakdown of revenue from contracts with customers

The Group's revenue comes from transfer of goods or services at certain points of time. The revenue can be broken down into the following major types of goods and services：

Major types of goods and services	2021	2020
Sales revenue		
Textured yarn	$ 3, 576, 646	$ 2, 590, 979
Polyester yarn	11, 644	27, 065
Nylon fiber	1, 690, 481	1, 285, 244
Nylon chips	5, 132, 088	3, 129, 204
Composite materials	766, 583	613, 026
Trading of raw materials	6, 402	4, 119
Subtotal	11, 183, 844	7, 649, 637
Service revenue		
Revenue from outsourced manufacturing	34, 669	25, 970
Subtotal	34, 669	25, 970
Total	$ 11, 218, 513	$ 7, 675, 607

2. Contract balance

The contractual assets and liabilities for the recorded revenue from contracts with customers are as following：

Item	December 31, 2021	December 31, 2020
Contractual assets：None		
Contractual liabilities - current		
Sale of goods	$ 54,457	$ 80,804

(1) Material changes in contractual assets and liabilities

Changes in contract liabilities mainly come from timing difference when the contractual obligations are fulfilled and when the customers make the payment. As of December 31, 2021, the balance of contract liabilities decreased compared to last year mainly because the prices of raw materials and products were at low level, and the customers held purchases due to development of COVID-19 pandemic, which lead to decrease in the related contract liabilities from advance receipts from customers.

(2) Beginning contractual liabilities that are recorded as revenue in this period

Item	2021	2020
Beginning balance of contractual		
Sale of goods	$ 76,327	$ 81,799

(3) Fulfilled contractual obligations in the previous period but with the related revenue recorded in this period

In 2021 and 2020, the Group did not have contractual obligations that were fulfilled (or partly fulfilled) in the previous period. Nor there was any adjustment made to the recorded current-period revenue due to changes in the transaction prices or restrictions in recording variable consideration.

(4) Unfulfilled contracts with customers

As of December 31, 2021 and 2020, the Group does not have any unfulfilled sales contracts with customers, the expected remaining periods for the existing contracts are within one year and are expected to be fulfilled and recognized as revenue within one year.

3. Assets related to contractual costs：None

6.31 Interest income

Item	2021	2020
Interest on bank deposits	$ 116	$ 309

6.32 Other income

Item	2021	2020
Dividends income	$ 37,059	$ 22,806
Rental income	74,655	75,231
Subsidy income	98	150,018
Income from scrap sales	14,374	10,089
Income from sample sales	3,386	3,721
Income from recovery of packaging materials	2,604	2,859
Income from sale of renewable energy	14,796	5,553
Net income from water testing	1,627	3,029
Others	2,074	3,329
Total	$ 150,673	$ 276,635

6.33 Other gains and losses

Item	2021	2020
Net gains (losses) on financial liabilities at FVTPL	$ 62,183	$ 70,570
Gains (losses) on disposal of property, plant and equipment	(33)	(1,145)
Loss on disposal of investments	190,076	(55,646)
Net non-financial foreign currency exchange gains (losses)	(10,349)	(13,216)
Direct operating expenses of investment properties	(12,503)	(18,745)
Depreciation of renewable energy	(4,126)	(1,695)
Gains from lease amendment	-	43
Others	(304)	(695)
Total	$ 224,944	($ 20,529)

6.34 Financial cost

Item	2021	2020
Interest expense		
Interest on borrowing from financial institutions	$ 12,194	$ 9,927
Imputed interest on deposits	92	126
Interest on lease liabilities	1,107	1,133
Other	513	188
Subtotal	13,906	11,374
Fees related to issuing CP	1,091	504
Net financial foreign currency exchange (gains) losses	4,154	(275)
Less：Capitalized amount	–	–
Total	$ 19,151	$ 11,603

6.35 Employee benefits, depreciation and amortization expense

	2021			2020		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	$ 714,449	$158,935	$ 873,384	$ 650,812	$112,834	$ 763,646
Labor and health insurance	64,496	12,708	77,204	62,867	10,873	73,740
Pension expense	24,542	4,831	29,373	25,561	4,878	30,439
Other benefits	23,712	60,194	83,906	19,090	6,745	25,835
Depreciation (Note)	437,358	16,289	453,647	556,196	16,901	573,097
Amortization	25,417	1,720	27,137	25,547	2,472	28,019
Total	$1,289,974	$254,677	$1,544,651	$1,340,073	$154,703	$1,494,776

Note：The depreciation expenses for renewable energy equipment (recorded in property, plant and equipment) in 2021 and 2020 were $4,126 thousand and $1,695, respectively, and recorded as non-operating income and expenses – other ; the depreciation expenses of investment properties in 2021 and 2020 were $5,146 thousand and $11,552 thousand, respectively, and recorded as non-operating income and expenses – other (direct operating expenses for investment properties).

1. According to the corporate charter, if the Company has profit in a year, it shall allocate 2% as employees' compensation and may allocate no more than 3% as remuneration

for directors and supervisors. but if the Company has accumulated losses, the profit shall first reserve for offsetting losses.

2. Regarding estimation of the payable compensation to employees, directors and supervisors, based on profitability in the current year, along with considerations on the expected distribution amount, the upper and lower percentage limits under corporate charter and other factors, the Company's management estimates the compensation according to the current-period profit amount before deducting income tax, compensation to employees and directors' remuneration. For 2021, the Company estimates NT21,149 thousand of compensation to employees and NT$31,723 thousand of directors' and supervisors' remuneration. For 2020, since the Company had net loss before tax, therefore, no compensation to employees or to directors' and supervisors' remuneration were estimated. However, before the issuance date of these financial statements and after resolution by the Board of Directors, if there is material change in the distribution amount, the change would be adjusted in the current-year expense；If subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the next year.
3. On March 11, 2022 and March 26, 2021, the Company's Board of Directors had passed resolution to distribute NT$21,149 thousand and 0 of compensation to employees for 2021 and 2020, respectively ; NT$31,723 thousand and 0 of remuneration to directors and supervisors for 2021 and 2020, respectively. The aforementioned distribution amounts are not different from those estimated in 2021 and 2020 financial statements, and the compensation and remuneration will be distributed in cash.
4. Information on employees' compensation and remuneration for directors and supervisors of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System at the website of the TWSE.

6.36 Changes in liabilities from financing activities

Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
Balance, January 1, 2021	$ 710,000	$ 449,934	$ 80,000	$ 23,164
Net changes in financing cash flows	550,000	50,000	(12,952)	–
Noncash changes – lease addition/remeasurement	–	–	9,548	–
Noncash changes - note discounts	–	(89)	–	–
Noncash changes - foreign exchange effect	–	–	(5)	–
December 31, 2021	$ 1,260,000	$ 499,845	$ 76,591	$ 23,164

Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
Balance, January 1, 2020	$ 1,184,000	$ –	$ 100,344	$ 23,664
Effects from retrospective adoption of IFRS 16	(474,000)	450,000	(13,113)	(500)
Net changes in financing cash flows	–	–	(525)	–
Noncash changes - lease addition/remeasurement	–	–	(6,687)	–
Noncash changes - lease disposal/write-offs	–	(66)	–	–
Noncash changes - foreign exchange effect	–	–	(19)	–
December 31, 2020	$ 710,000	$ 449,934	$ 80,000	$ 23,164

6.37 Income tax

1. Components of income tax expense:

(1) Income tax expense recognized in profit or loss

Item	2021	2020
Current income tax	$ 31,567	$ 182
Deferred income tax expense (benefit)		
Initial occurrence and reversals of temporarily differences	52,833	3,089
Net (increase) decrease in deferred income tax	52,833	3,089
Adjustments in respect of prior years	–	2,042
Income tax expense (benefit) recognized in profit or loss	$ 84,400	$ 5,313

(2) Income tax expense recognized in other comprehensive income：

Item	2021	2020
Deferred income tax		
Re-measurement of defined benefit plan	($ 88)	($ 118)
Income tax expense (benefit) recognized in other comprehensive income	($ 88)	($ 118)

2. Reconciliation between accounting profit and income tax expense recorded in profit or loss：

Item	2021	2020
Income (loss) before tax for continuing operations	$ 1,004,477	($ 34,802)
Income tax expense (benefit) at the statutory tax rate	200,895	(6,960)
Income tax effects from adjustment items：		
Items excluded when determining taxable income	(45,106)	(35,872)
Additional tax under minimum tax system	4,035	23
Additional income tax on unappropriated earnings	－	－
Operating loss carryforward generated	11	43,077
Operating loss carryforward used	(119,220)	－
Investment deduction utilized	(9,208)	－
Effects from different tax rates of the consolidated entities	160	(86)
Income tax payable in the current period	31,567	182
Net (increase) decrease in deferred income tax	52,833	3,089
Income tax adjustments for prior years	－	2,042
Income tax expense (benefit) recorded in profit or loss	$ 84,400	$ 5,313

The income tax rate for the Group entities under the tax laws of Republic of China is 20%；The applicable tax rate for the subsidiaries in Mainland China is 25%；The tax amounts in other regions are computed according to the tax rates applicable in the respective regions.

3. Income tax assets (liabilities)

Item	December 31, 2021	December 31, 2020
Income tax assets in the current period		
Prepaid income tax	$ 29	$ 9
Income tax liabilities in the current period		
Current-period income tax expense	$ 31,567	$ 182
Less：Offset by prepaid income tax	(60)	(38)
Total	$ 31,507	$ 144

4. Balance of deferred income tax assets (liabilities)

Item	2021			
	January 1	Profit or loss	Other comprehensive income	December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 13,868	$ 9,870	–	$ 23,738
Unrealized exchange loss	364	(361)	–	3
Unrealized gain from sale	44	153	–	197
Accrued vacation pays	4,914	200	–	5,114
Defined benefit obligation plan	21,283	(1,694)	88	19,677
Different treatments on depreciation between financial and tax	22,718	4,210	–	26,928
Impairment loss on tangible assets	435	–	–	435
Operating loss carryover (Note)	65,211	(65,211)	–	–
Total	$ 128,837	(52,833)	88	$ 76,092
Deferred tax liabilities				
Reserve for Land Value Increment Tax	$ 137,395	$ –	$ –	$ 137,395
Total	$ 137,395	–	–	$ 137,395
Net increase (decrease)		($ 52,833)	$ 88	

Item	2020 January 1	Profit or loss	Other comprehensive income	December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 32,139	($ 18,271)	－	$ 13,868
Unrealized exchange loss	1,580	(1,216)	－	364
Unrealized gain from sale	152	(108)	－	44
Accrued vacation pays	5,032	(118)	－	4,914
Defined benefit obligation plan	22,797	(1,632)	118	21,283
Different treatments on depreciation between financial and tax	4,378	18,340	－	22,718
Impairment loss on tangible assets	435	－	－	435
Operating loss carryover (Note)	65,295	(84)	－	65,211
Total	$ 131,808	(3,089)	118	$ 128,837
Deferred tax liabilities				
Reserve for Land Value Increment Tax	$ 137,395	$ －	$ －	$ 137,395
Total	$ 137,395	－	－	$ 137,395
Net increase (decrease)		($ 3,089)	$ 118	

Note：Operating loss carryover recorded in profit or loss is the amount generated/used in the current period, adjustments on changes in estimates from prior years and newly added/reversed deferred income tax assets that are not recorded, etc.

5. Deferred income tax assets of the Group that were not recorded and not quite likely to realize

Item	December 31, 2021	December 31, 2020
Deferred income tax assets		
Operating loss carryover	$ 189	$ 54,818

6. Unrecognized deferred tax liabilities related to investments

The temporary differences related to the Group's investments are not recognized because the Group can control timing to reverse those temporary differences, and it is very likely that those temporary differences would not be reversed in foreseeable future. Therefore, no deferred income tax liability was recorded. As of December 31, 2021 and 2020, the un-recognized taxable temporary differences related to investments were $1,753 thousand and $1,536, respectively.

7. As of December 31, 2021, according to the application tax laws, the Group's deferred income tax assets that may be used to offset against payable income tax amount in future years are summarized as below：

Last deductible year	Recorded operating loss carryover	Nonrecorded operating loss carryover	Total
2024	$ －	$ 16	$ 16
2025	－	47	47
2026	－	69	69
2027	－	17	17
2028	－	9	9
2029	－	19	19
2030	－	1	1
2031	－	11	11
Total	$ －	$ 189	$ 189

8. The Group's domestic income tax returns through 2019 had been assessed and approved by the Tax Authority.
9. Since the Group had net loss in 2021, therefore, the potential tax effect from additional income tax on undistributed earnings was not material to the Group.

6.38 Earnings per share

The Company's basic earnings per share is computed using the current-period net income (loss), divided by the weighted average number of outstanding common shares；The new shares from capital increases from un-distributed earnings or capital surplus are retrospectively computed.

If the Company may choose to distribute employees compensation with either stocks or cash, then the diluted earnings per share, assuming the compensation is distributed in stocks, is computed using the potential additional shares which would dilute the weighted average number of outstanding common shares. When determining the number of shares issued for employees compensation in the next year, the potential dilution effects are continuously considered.

	2021			2020		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)
Basic earnings (loss) per share：						
Net income (loss) attributable to owners of parent company	$ 920,077	531,718	$ 1.73	($ 40,115)	577,795	($ 0.07)
Effects from potential diluting common shares						
Employees compensation	-	1,286				
Diluted earnings per share：						
Net income (loss) attributable to owners of parent company After effects from potential diluting common shares	$ 920,077	533,004	$ 1.73			

7. Related Party Transactions

7.1 Parent company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

7.2 Name of related party and relationship

Name of related party	Relationship with the Company
Yen Hsing Textile Co., Ltd.	Company that key management has significant influence
Su, Liao Hsiu Chin and 2 other individuals	Substantial related party
All directors, general manager and vice general managers	Key management

7.3 Significant transactions with related parties

All significant transactions, account balances, revenue/gains and expenses/losses among the Company and subsidiaries (that is, the related parties of the Company) had been eliminated, therefore, not disclosed in these notes. Please refer to Note 13.1,2-11 for the related-party transactions within the Group：

1. Sales

Related party category	2021	2020
Company that key management has significant influence	$ 265,355	$ 240,853

The transaction prices and sales terms of goods sold to the Group’s related parties are similar to those of ordinary non-related parties.

2. Purchases

Related party category	2021	2020
Company that key management has significant influence	$ 1,083	$ 1,437

The transaction prices and purchase terms of goods purchased from the Group's related parties are similar to those of ordinary non-related parties.

3. Lease agreement (lessee)

(1) Right-of-use assets

Related party category	December 31, 2021	December 31, 2020
Su, Liao Hsiu Chin and 2 other individuals	$ 35,479	$ 33,284

(2) Lease liabilities - current

Related party category	December 31, 2021	December 31, 2020
Su, Liao Hsiu Chin and 2 other individuals	$ 2,784	$ 2,382

(3) Lease liabilities - noncurrent

Related party category	December 31, 2021	December 31, 2020
Su, Liao Hsiu Chin and 2 other individuals	$ 33,363	$ 31,360

(4) Interest expense

Related party category	December 31, 2021	December 31, 2020
Su, Liao Hsiu Chin and 2 other individuals	$ 552	$ 512

(5) In 2021 and 2020, the total amount of rents that the Group had paid to Su, Liao Hsiu Chin and 2 other individuals were $3,298 thousand and $2,861 thousand, respectively.

(6) Lease contracts and the rents were determined based on mutual agreements according to the market prices, and post-dated notes were issued and cashed for the rents over to the lease period.

4. Claims and debts between the Group and the related parties (all interest free)：

(1)Accounts receivable

Related party category	December 31, 2021	December 31, 2020
Company that key management has significant influence	$ 41,820	$ 45,496

(2) Accounts receivable

Related party category	December 31, 2021		December 31, 2020	
Company that key management has significant influence	$	82	$	195

5. Others

Item	Related party category	2021		2020	
Sale of defect products	Company that key management has significant influence	$	697	$	583
Purchase of leftover yarn and empty tubes	Company that key management has significant influence		1,161		1,392

7.4 Key management compensation

Item	2021		2020	
Salaries and other short-term employee benefits	$	87,350	$	30,929
Termination benefits		–		–
Post-employment benefits		40		74
Other long-term benefits		–		–
Share-based payments		–		–
Total	$	87,390	$	31,003

8. Pledged Assets：None

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 Endorsements and guarantees：None

9.2 Guarantee notes issued

As of December 31, 2021 and 2020, due to entering of comprehensive credit contracts, the Group had issued $800,000 thousand of guarantee notes to the financial institutions for both of the years.

9.3 Guarantee notes received

To ensure collectability for contracts signed, equipment warranty and guarantees for sales contracts, the Group received guarantee notes of $576,045 thousand and $562,548 thousand as of December 31, 2021 and 2020, respectively.

9.4 The unused letters of credit as of December 31, 2021 and 2020 are as follows：(Units：thousand dollars)

Date	Balances of issued yet unused letters of credit
December 31, 2021	NTD394,000、EUR609、USD14,694
December 31, 2020	NTD426,000、EUR559、USD9,274、JPY524,000

9.5 Capital expenditures committed but not yet paid as of December 31, 2021 and 2020 were NTD29,900 thousand, and NTD111, 387 thousand.

10. Significant Disaster Losses： None

11. Significant Subsequent Events：None

12. Others

12.1 Explanation for seasonal or periodical interim operations

The Group's operations are not affected by seasonal or periodical factors.

12.2 Capital risk management

The Group conducts capital management to sustain a robust capital basis and, by maintaining the most appropriate balances of debts and equity, maximizes return to shareholders. By periodically reviewing and measuring the related costs, risks and rate of return, ensure good profit level and financial ratios. When necessary, via various financing ways, balance the overall capital structure to afford various capital expenditures, operating funds, repayment of debts and dividends, and other needs.

12.3 Financial instruments

1. Types of financial instruments

Financial assets	December 31, 2021	December 31, 2020
FVTPL financial assets		
Mandatorily measured at FVTPL	$ 916,107	$ 603,174
FVTOCI financial assets		
Investments in equity instruments	246,998	208,709
Financial assets measured at amortized cost		
Cash and cash equivalents	71,448	70,398
Notes and accounts receivable (including related parties)	1,607,436	1,242,641
Other receivables	7,513	27,530
Refundable deposits	23,479	24,943

Financial liabilities	December 31, 2021	December 31, 2020
Financial liabilities measured at FVTPL		
Mandatorily measured at FVTPL	1,526	-
Financial liabilities measured at amortized cost		
Short-term borrowings	1,260,000	710,000
Short-term notes payable	499,845	449,934
Notes and accounts payable (including related parties)	842,058	478,269
Other payables (including related parties)	409,008	303,998
Lease liabilities – current and noncurrent	76,591	80,000
Guarantee deposits received	23,164	23,164

2. Financial risk management policies

The Group's daily activities are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Group's overall risk management strategy focuses on identifying, assessment and avoiding uncertainties of markets in order to mitigate potential adverse effects on the Group's financial performance from market fluctuations.

The Group's material financial activities are reviewed and approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

3. Nature and degree of material financial risks

(1) Market Risk

The market risks of the Group are risks of fluctuations of fair value or cash flows from changes in market prices of financial instruments. Market risk includes foreign exchange risk, interest rate risk and price risk.

A. Foreign exchange risk

The Group engages in businesses that involve several non-functional currencies (the functional currency of the Group is New Taiwan Dollars, and the functional currencies for part of the subsidiaries are CNY and USD), therefore, the Group is affected by fluctuations in exchange rates. The foreign-currency assets and liabilities subjected to significant impacts from fluctuations in exchange rates are as following：(including monetary items in non-functional currencies that were written off in the Consolidated Financial Statements)

Item (Foreign currency：functional currency)	December 31, 2021 Amount in Foreign Currency	December 31, 2021 Exchange Rate	December 31, 2021 In NTD	December 31, 2020 Amount in Foreign Currency	December 31, 2020 Exchange Rate	December 31, 2020 In NTD
Financial assets						
Monetary items						
USD：NTD	$ 18,414	27.68	$ 509,700	$ 16,549	28.48	$ 471,316
CNY： NTD	4,234	4.3440	18,392	3,496	4.3770	15,302
Financial liabilities						
Monetary items						
USD：NTD	11,238	27.68	311,068	5,772	28.48	164,387

Note：Non-monetary assets in foreign currency measured at historical exchange rates on the transaction dates are not disclosed since those assets does not have significant impact on the Consolidated Financial Statements.

The Group's sensitivity analysis of foreign currency risk focuses on the major foreign monetary and non-monetary items on the reporting date and their foreign exchange effects on the Group's profit or loss and equity. When the foreign exchange rates appreciate/depreciate by 1%, the Group's net income in 2021 and 2020 would increase/decrease by $1,736 thousand and $2,578 thousand, respectively. 1% is the sensitivity ratio used for the Group's internal reporting on foreign exchange risks to key management, it also represents the management's assessment on the reasonable range of potential changes in foreign exchange rates.

The unrealized net exchange gain (loss) arising from significant foreign exchange movement on the monetary items held by the Group for 2021 and 2020 amounted to $16 thousand and $1,822 thousand, respectively. Due to complexity and large volume of transaction in foreign currencies, the unrealized exchange gain (loss) is expressed in summarized amounts.

B. Interest rate risk

Interest rate risk is the risk of fluctuations in fair value of financial instruments or in future cash flows due to changes in market interest rates. The Group's interest rate risk mainly comes from borrowings with floating interest rates. However, part of the risks are offset by the held cash and cash equivalents with floating interest rates. Since the Group regularly assess the trend of change in interest rates and would make timely responses, material risk from changes in market interest rates is not expected to occur. If the borrowing interest rate is increased/decreased by 10 basis points, given other factors remain constant, the Group's net income will decrease/increase by $1,284 thousand and $993 thousand for 2021 and 2020, respectively.

C. Price risk

The Group is exposed to the price risk of equity instruments since the investments held by the Group are classified either as financial assets measured at FVTPL or at FVTOCI. In order to manage the price risk of equity instruments, the Group diversifies its investment portfolios, with the diversification methods based on the limits set by the Group. The prices of financial assets measured at FVTPL or at FVTOCI invested by the Group would be affected by uncertainties of future value of the investment targets. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, the after-tax profit for 2021 and 2020 would have increased/decreased by $9,146 thousand and $6,032 thousand, respectively；Equity would have increased/decreased by $2,470 thousand and $2,087, respectively.

(2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivables) and from financing activities (primarily bank deposits and various financial instruments). Business-related credit risk and financial credit-related risks are managed separately.

A. Business-related credit risk

In order to manage credit risk of customers, the business units follow the Group’s policies and procedures for customer credit risk. Credit-risk evaluation for all customers is performed by overall consideration on the customer’s financial condition, ratings made by credit organizations, historical transaction experience, present economic conditions, the Group’s internal rating standards and other factors. In addition, the Group may also use credit enhancement tools (such as advance sales receipts) in proper time to lower credit risks of certain customers.

B. Financial credit risk

The Group's finance department manages credit risks of bank deposits and other financial instruments according to company policies. Since the Group’s transaction counterparties are determined by internal control procedures and are creditworthy banks and investment grade or higher-level financial institutions, company organizations, etc. which do not have significant risk of contract default, therefore, there is no significant financial credit risk.

C. Credit risk information for receivables

The Group adopts the presumptions under IFRS 9. When an account is overdue over 30 days based on the agreed contractual payment terms, the credit risk of the financial asset is considered to have significantly increased after initial recognition；When overdue over 365 days based on the agreed contractual payment terms, or when the debtor is unlikely to fulfill its credit obligation and fully pays to the Group, the Group regards default has occurred to the financial asset.

In order to reduce credit risks, the management of the Group has designated a dedicated team responsible for determining the credit line, credit approval, and other supervision procedures, to ensure appropriate actions have been made to recover the overdue accounts. Besides, on each balance sheet date, the Group had reviewed the recoverable amount for each account to ensure that appropriate impairment loss had been recorded. For aging analysis and loss allowance of accounts receivable, please refer to illustrations in Note 6.3 and 6.4.

D. Exposure to credit risk

The Group conducts business with financial intuitions with good credit, and the Group diversifies the credit risk by doing business with several financial institutions, therefore, the expected rate of default is quite low；The Group makes sales only to approved third parties with good credit, granting credit lines according to established procedures, continue to understand the credit condition of the customers, periodically assess the possibility of recovering the accounts, and recognize sufficient loss allowance. The management considers that the credit risk of the Group's receivables is not overly centered. Therefore, the maximum exposure amounts of the Group's cash and cash equivalent, receivables, and other financial assets as of the balance sheet date are the same as their book value. .

Financial instruments	December 31, 2021		December 31, 2020	
	Carrying amount	Maximum amount exposed to credit risk	Carrying amount	Maximum amount exposed to credit risk
Cash and cash equivalents	$ 71,448	$ 71,448	$ 70,398	$ 70,398
Notes receivable	269,770	269,770	221,230	221,230
Accounts receivable (including related parties)	1,337,666	1,337,666	1,021,411	1,021,411
Other receivables	7,513	7,513	27,530	27,530

(3) Liquidity risk

Liquidity risk refers to risk of unable to liquidate by the expected time. The Group manages funds, achieves objectives of utilizing funds flexibly and maintaining funds mainly through borrowing from financial institutions, cash and cash equivalents and other tools, etc. The capital of the Group and operating funds are sufficient to fulfill all contractual obligations, therefore, there is no liquidity risk due to unable to acquire sufficient fund to fulfill contractual obligations.

The following schedule summarizes the Group's non-derivative financial liabilities and derivative financial liabilities traded based on net amount or gross amount, grouped according to the respective expiration dates and prepared according to the earliest possible requested repayment dates and the undiscounted cash flows. The Group does not expect significant early expiration or deviation of the actual cash flows. Regarding cash flows for interest payments that are subjected to floating interest rates, the undiscounted interest amounts are derived from the projected curve of yield rates on the balance sheet date. Therefore, the amounts of non-derivative financial liabilities subjected to floating interest rates would change due to the difference between the estimated interest rates on the balance sheet date and the actual floating rates. Regarding maturity analysis on lease liabilities, please refer to Note 6.12-2(2).

Item	December 31, 2021 Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	$ 914,464	$ 351,240	$ –	$ –	$ –	$1,265,704	$1,260,000
Short-term notes payable	500,000	–	–	–	–	500,000	499,845
Notes payable	217,881	–	–	–	–	217,881	217,881
Accounts payable (including related parties)	624,177	–	–	–	–	624,177	624,177
Other payables	409,008	–	–	–	–	409,008	409,008
Derivative financial liabilities							
Foreign exchange forward contract							
Outflows	1,526	–	–	–	–	1,526	1,526

Item	December 31, 2020 Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	$ 711,921	$ –	$ –	$ –	$ –	$ 711,921	$ 710,000
Short-term notes payable	450,000	–	–	–	–	450,000	449,934
Notes payable	106,687	–	–	–	–	106,687	106,687
Accounts payable (including related parties)	371,582	–	–	–	–	371,582	371,582
Other payables	303,998	–	–	–	–	303,998	303,998

12.4 Fair value information

1. Fair value levels

Based on observable degrees, the valuation methods used to measure the fair value of financial and nonfinancial instruments may be classified into the following 1~3 levels：

Level 1：Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2：Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. inferred from price).

Level 3：Refers to valuation methods that derive fair value of assets or liabilities based on input parameters from unobservable market data (unobservable parameters).

2. Financial instruments that are not measured at fair value

The book value of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets – current, short-term borrowings, short-term notes payable, notes and accounts payable (including related parties), other payables (including related parties), etc.) approximates their fair value；The affect due to whether or not the expected cash flows from refundable deposits or guarantee deposits received are discounted is not material, therefore, their book value provides a reasonable basis for estimating their fair value.

3. Regarding the financial and non-financial instruments that are measured at fair value as of December 31, 2021 and 2020, the Group classifies the assets and liabilities based on their nature, characteristics, level of risks and fair value：

	December 31, 2020			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	$ 916,083	$ -	$ -	$ 916,083
Derivative instruments – forward exchange contracts	-	24	-	24
Financial assets measured at FVTOCI – noncurrent				
Non-listed stocks and limited partnership	-	-	246,998	246,998
Total	$ 916,083	$ 24	$ 246,998	$1,163,105
Liabilities				
Recurring fair value				
Financial liabilities measured at FVTPL - current				
Derivatives – foreign exchange swap contracts	$ -	$ 1,526	$ -	$ 1,526

	December 31, 2021			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	$ 602,967	$ -	$ -	$ 602,967
Derivative instruments – forward exchange contracts	-	207	-	207
Financial assets measured at FVTOCI – noncurrent				
Non-listed stocks	-	-	208,709	208,709
Total	$ 602,967	$ 207	$ 208,709	$ 811,883

4. The methods and assumptions used for measure fair values

The fair value of financial and non-financial instruments refers to the transaction amount with voluntary parties (not by force or by means of liquidation). The methods and assumptions used by the Group when estimating fair value of financial and non-financial instruments are as follows：

(1) Regarding financial instruments with standard terms and condition and are traded in active markets, their fair value are determined using the quoted prices in their respective markets. For, listed securities, the closing prices are used as fair value.

(2) Except for above financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the Consolidated balance sheet date. The Group adopts valuation methods and model that are widely accepted by market participants, the inputs used by such valuation model for financial instruments are generally observable market information, and the forward exchange contracts are generally valued at the forward exchange rates at the present time.

(3) Regarding financial instruments with higher complexity, the Group measures the fair value based the valuation methods and techniques widely used by peers in the same industry and self-developed valuation models. Part of the parameters used by such types of valuation models is not based on observable information in the market, and the Group has to make appropriate estimation-based assumptions. The fair value of the Group’s held non-listed stocks are estimated either by market approach or asset approach and valuations is made by referencing to similar companies, third-party quotes, net value of the companies, and operating conditions. The major material unobservable input value is liquidity discount. For the effects to the valuation for financial instruments from parameters that are not observable in the market, please refer illustrations in Note 12.4-10.

(4) The output of the valuation model is the computed approximate value, and the valuation technique may not be able to reflect all relevant factors of the Group’s held financial and non-financial instruments. Therefore, the estimated value of the valuation model would be properly adjusted based on additional parameters, such as model risk or liquidity risk. Based on the Group’s management policy for fair-value valuation model and the related controlling procedures, the valuation adjustments are appropriate and necessary. The price information and parameters used during the valuation procedures are assessed carefully and are properly adjusted based the current market conditions.

(5) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group’s credit quality.

5. Transfer between Level 1 and Level 2 of the fair value hierarchy in 2021 and 2020：None

6. Changes in level 3 financial instruments for 2021 and 2020

Item	Non-derivative equity instruments – unlisted stocks	
	2021	2020
Beginning balance	$ 208,709	$ 199,011
Acquisition in this period	13,200	-
Disposition in this period	-	-
Funds returned from capital reduction in this period	(8,721)	(2,550)
Transfer in (out) level 3	-	-
Recognized in other comprehensive income	33,810	12,248
Ending balance	$ 246,998	$ 208,709

7. In 2021 and 2020, the Group did not have fair value transferred in or out from Level 3.
8. According to the Group's valuation procedures for Level 3 fair value classification, the Group's accounting department, along with outside professional appraisal institutions, share the work to independently verify the fair value of the financial instruments. The valuation works include using independent source data to make the valuation result close to the market condition and confirming independence and reliability of the data source, consistency with other resources, and representing execution price. The required input value and data are periodically updated, and any other necessary fair value adjustments are made to ensure reasonable valuation results.
9. Illustrations for quantified information of material unobservable input value and sensitivity analysis for changes in material unobservable input value for Level 3 fair value measurement items are as following：

Item	Fair value as of December 31, 2021	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments：					
Un-listed stocks	$ 195,389	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	51,609	Asset approach	NA	NA	NA
Total	$ 246,998				

Item	Fair value as of December 31, 2020	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments：					
Un-listed stocks	$ 164,215	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks	44,494	Asset approach	NA	NA	NA
Total	$ 208,709				

10. After careful selection of valuation model and the parameters, the Group considers that the fair value measurements are reasonable. But when different valuation model or the parameters are used, the valuation results may be different. Regarding the financial assets and liabilities classified as Level 3, if there is change in the valuation parameters, then the affects to the current-period profit and other comprehensive income would be as following：

			2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
Item	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments：						
Un-listed stocks	Liquidation discount	+1%	$ -	$ -	$ -	($ 2,617)
		-1%	$ -	$ -	$ 2,617	$ -

			2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
Item	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments：						
Un-listed stocks	Liquidation discount	+1%	$ -	$ -	$ -	($ 2,186)
		−1%	$ -	$ -	$ 2,185	$ -

13. Supplementary disclosures

(1) Information on significant transactions, and (2) Information on investees

1. Loans to others：None

2. Endorsements and guarantees provided to others：None

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures)

Unit： Thousand shares/units (unless specified otherwise)：

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2021			
					Number of shares	Book value	Ownership (%)	Fair value
ZIG SHENG INDUSTRIAL CO., LTD.	Stock	FORMOSA PLASTICS CORPORATION	—	Financial assets measured at FVTPL - current	592	$ 50,557	0.01	$ 50,557
		Formosa Chemicals And Fibre Corporation	—	Financial assets measured at FVTPL - current	200	16,160	-	16,160
		Shinkong Synthetic Fibers Corporation	—	Financial assets measured at FVTPL - current	599	12,099	0.04	12,099
		TAINAN SPINNING CO., LTD.	—	Financial assets measured at FVTPL - current	707	18,064	0.04	18,064
		YI JINN INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	6,610	129,225	2.19	129,225
		DE LICACY INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	3,565	55,978	0.93	55,978
		ECLAT TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	251	158,145	0.09	158,145
		NANTEX INDUSTRY CO., LTD.	—	Financial assets measured at FVTPL - current	700	59,640	0.14	59,640
		NANYA TECHNOLOGY CORPORATION	—	Financial assets measured at FVTPL - current	200	15,620	0.01	15,620
		EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	—	Financial assets measured at FVTPL - current	1,250	178,125	0.02	178,125
		YANG MING MARINE TRANSPORT CORPORATION	—	Financial assets measured at FVTPL - current	1,250	151,250	0.04	151,250
		CHINA AIRLINES LTD.	—	Financial assets measured at FVTPL - current	1,000	27,550	0.02	27,550
		WAN HAI LINES LTD.	—	Financial assets measured at FVTPL - current	220	43,670	0.01	43,670
		LILYENT CORP.	—	Financial assets measured at FVTOCI - non-current	2,881	70,330	4.01	70,330
		Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Financial assets measured at FVTOCI - non-current	8,732	98,058	13.99	98,058
		YI TONG FIBER CO., LTD	—	Financial assets measured at FVTOCI - non-current	1,341	25,379	1.52	25,379
		CHU SING INDUSTRIAL CO., LTD	—	Financial assets measured at FVTOCI - non-current	29	1,622	3.32	1,622
		Ability I Venture Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - non-current	1,423	12,450	3.00	12,450
		ABILITY ASIA CAPITAL CORP.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - non-current	2,000	23,640	1.04	23,640
	Limited partnership	Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	—	Financial assets measured at FVTOCI - non-current	-	15,519	-	15,519

4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital：

Bought/Sold by	Type and name of security	Recorded account	Transaction counterparty	Relationship	Beginning balance		Bought		Sold				Ending balance	
					Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Price	Carrying value	Disposal gain (loss)	Thousand shares	Amount
ZIG SHENG INDUSTRIAL CO., LTD.	NANTEX INDUSTRY CO., LTD.	Financial assets measured at FVTPL - current	Stock exchange market	-	1,980	$120,978	2,100	$177,881 7,450 (note)	3,380	$343,902	$246,669	$97,233	700	$ 59,640

Note：Net gain from financial assets measured at FVTPL.

5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital：None

6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital：None

7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital ：

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Zig Sheng Industrial Co., Ltd.	Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Sale	$265,355	2.37%	15 days after month closing	No significant difference	No significant difference	Accounts receivable $41,820	Accounts receivable 3.07%

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital：None

9. Information about the derivative financial instruments transaction： Please see Note 6.2-3

10. Name, location, etc. of investee companies over which the Company has direct or indirect influence, control or joint control (not including investments in Mainland China)

Unit：NTD thousand/USD thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note)	Footnote
				December 31, 2021	December 31, 2020	Number of Shares (thousand)	Percentage of Ownership	Carrying Value			
Zig Sheng Industrial Co., Ltd.	ZIS Holding Co., Ltd.	Mauritius	Make various investments outside of Taiwan area following the Parent company's operating policies	$185, 020	$185, 020	5, 400	100%	–	–	–	Please refer to Note 6.9
	Nicest Int'L Trading Corp.	Samoa	Make various investments outside of Taiwan area following the Parent company's operating policies	8, 883	8, 883	300	100%	$17, 648	$ 1, 524	$ 1, 625	Include $101 thousand net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view
	Ding Sheng Material Technology Corporation Limited	Taipei	Production of synthetic resin and industrial plastic products and related trading	$ 15, 000	$ 15, 000	1, 500	100%	$ 3, 561	($ 810)	($ 757)	Include $53 thousand net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	USA	General import/export trading	6, 340	6, 340	200	100%	(3, 340)	(754)	(754)	

Note：Except for initial investment amounts measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

11. Business Relationships between Parent and Subsidiaries and Significant Transactions

Company Name	Counter-party	Nature of Relationships	Transaction Details			
			Account	Amount	Transaction Terms	% to Total
Zig Sheng Industrial Co., Ltd.	Suzhou Hongsheng Trading Co., Ltd.	Parent to subsidiary	Sales revenue	$ 55,557	Per agreement based on general market price	0.50%
			Accounts receivable	18,390	T/T 90 days settled monthly	0.17%
			Other income	4,172	Per agreement based on general market price	0.04%
			Realized sales gains	73	-	—
			Unrealized sales gains	479	-	—
	Ding Sheng Material Technology Corporation Limited	Parent to subsidiary	Rental income	96	Per agreed contract	-
			Other income	143	Per agreement based on general market price	-
	Ding Sheng Material Technology Corporation	Parent to subsidiary	Sales revenue	25,367	Per agreement based on general market price	0.23%
			Accounts receivable	17,789	T/T 180 days settled monthly	0.17%
			Realized sales gains	297	-	—
			Unrealized sales gains	891	-	0.01%
Suzhou Hongsheng Trading Co., Ltd.	Zig Sheng Industrial Co., Ltd.	Subsidiary to parent	Sales revenue	76	Per agreement based on general market price	-
			Other income	147	Per agreement based on general market price	-
			Other receivables	70	T/T 90 days settled monthly	-

Note：(1) Regarding the same transaction between the parent and subsidiary company, the transaction is not required to be disclosed repetitively. For example, regarding a transaction of parent company toward a subsidiary, if the parent company had disclosed, then the subsidiary portion is not required to be disclosed repetitively ; regarding transactions among subsidiaries, if a subsidiary had disclosed, then the other subsidiary is not required to disclose repetitively.

(2) Regarding computation for the ratios of the transaction amounts over the total consolidated revenue or the total assets, for asset and liability items, the ratios are computed as the ending balances over the total consolidated assets ; for profit or loss items, the ratios are computed as the interim accumulated amounts over the total consolidated revenue.

(3) Information on investment in Mainland China

1.

Unit：NTD thousand/USD thousand

Investee in Mainland China	Main Business Activities	Total Amount of Paid-in Capital	Investment Method	Accumulated Outflow of Investment from Taiwan as of Beginning of Period	Investment Flows		Accumulated Outflow of Investment from Taiwan as of End of Period	Net Income (Losses) of the Investee	Ownership Held by the Company (direct or indirect) (%)	Investment Profits/Losses Recorded	Carrying Amount as of End of Period	Accumulated Inward Remittance of Earnings as of End of Period
					Outflow	Inflow						
Kunshan Lilytex Co., Ltd.	Warehouse rental business	USD24,782	Note (1)	$185,020 (USD5,400)	—	—	$185,020 (USD5,400)	($74,467)	21.79%	— Note (3)	0 Note (3)	-
Suzhou Hongsheng Trading Co., Ltd	Engage in wholesale, import/export, agency (excluding auctions) of plastic products, chemical products (except for hazardous items), synthetic fiber materials, products made by synthetic fibers, textile materials, mechanical and electric equipment and its parts and the related services, consulting services and maintenance/repair services for mechanical and electric equipment and its parts	USD300	Note (1)	8,883 (USD300)	—	—	8,883 (USD300)	1,524	100.00%	$1,524 Note (2)	$18,007 Note (2)	-

Accumulated Investment in Mainland China as of End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note (4))
$193,903(USD5,700)	$193,903(USD5,700)	$4,386,186

Note：

(1) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investment is approved by the government.

(2) Investments in the third area, the investment income or loss under equity method and ending carrying amounts are recognized according to the direct and indirect shareholding ratio and the financial statements of Mainland China investee companies audited by the CPA of Parent company.

(3) Shareholding ratio does not reach 50%, without controlling power, and the Company does not endorse any debt or other financial commitment of the investee company. Therefore, the carrying amount under equity method only written down to zero.

(4) According to regulation by Investment Commission, MOEA, the accumulated investment amount or ratio in the investments in Mainland China is limited to 60% of the Company's equity or consolidated equity, whichever is higher.

(5) Except for initial outbound investment measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

2. Material transactions with investee companies in Mainland China directly or indirectly through third area

The Group does not have significant direct or indirect transactions with the investee company, Kunshan Lilytex Co., Ltd., through third area ; regarding significant direct or indirect transactions between the Group and the investee company, Suzhou Hongsheng Trading Co., Ltd., through third area, please refer to Note 13.1,2-11.

(4) Information on major shareholders

2021.12.31

Shares / Name of Major Shareholders	Number of Shares Held	Percentage of Ownership (%)
Yi Sheng Investment Co., Ltd.	52, 783, 760	9. 92%
Su, Bai Huang	27, 160, 455	5. 10%
Su, Ching Yuan	26, 912, 389	5. 06%

Note：1. The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

2. If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

14. Segment Information

(1) Business Division refers to an operating component unit that meet all of the following characteristics：

1. Undertakes business operations that earn revenue and incur expenses.
2. The operating results are periodically reviewed by the operating decision makers for forming decisions on allocating resources to the division.
3. With separate standalone financial information.

(2) According to point of views from the operating decision makers, the Group reviews the connections between the various management departments and the products and services and classifies the operating units into the following two reporting Business Divisions：

(1) Fiber Business Division：The division is responsible for manufacturing, processing and trading businesses in textured yarn, artificial cotton, nylon, etc.

(2) Chemical Materials Business Division：The division is responsible for manufacturing, processing and trading businesses in nylon chips, compound materials, etc.

The Groups other non-reporting business operations and operating divisions are collectively disclosed in “Other Divisions”.

(3) The Group’s reporting Business Divisions are strategic business units for providing various products and services. Each strategic business unit requires different techniques and marketing strategies, therefore must be managed separately.

(4) The business units are supervised separately by the respective management of the Group for forming decisions on resource allocation and performance evaluation. The performance of Business Divisions are measured based on operating profit or loss, such measurement amounts are provided to operating decision makers for allocating resources to the divisions and performance evaluation and are prepared using the same methods with those in the Consolidated Financial Statements. However, the headquarter operating costs, income tax expenses (benefits) and non-regular gains or losses (non-operating income and expenses) are managed based on the parent company and are not allocated to the reporting Divisions. The reported amounts are consistent with the reports used by the operating decision makers. The transfer pricings among the Business Divisions are based on similar regular transactions with outside third parties. The accounting policies of Business Divisions are basically the same as those described in Summary of Significant Accounting Policies in Note 4 of the Consolidated Financial Statements.

(5) Financial Information for Business Divisions

1. For the year ended December 31, 2021

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	$ 5,308,339	$ 5,800,786	$ 109,388	$ –	$11,218,513
Revenue among segments	–	2,685,421	76	(2,685,497)	–
Total revenue	$ 5,308,339	$ 8,486,207	$ 109,464	($ 2,685,497)	$11,218,513
Segment profit (loss)	$ 438,596	$ 200,477	$ 2,661	$ 6,161	$ 647,895
Non-operating income and expenses					356,582
Before-tax income (loss) from continuing operations					$ 1,004,477
Segment profit (loss) includes：					
Depreciation and amortization	$ 244,480	$ 143,176	$ 1,351	$ 91,777	$ 480,784
Segment assets	$ –	$ –	$ –	$ –	$10,776,815
Segment liabilities	$ –	$ –	$ –	$ –	$ 3,466,505

2. For the year ended December 31, 2020

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	$ 3,924,357	$ 3,641,656	$ 109,594	$ –	$ 7,675,607
Revenue among segments	2,419	2,110,168	70	(2,112,657)	–
Total revenue	$ 3,926,776	$ 5,751,824	$ 109,664	($ 2,112,657)	$ 7,675,607
Segment profit (loss)	$ 3,458	($ 291,984)	$ 5,417	$ 3,495	($ 279,614)
Non-operating income and expenses					244,812
Before-tax income (loss) from continuing operations					($ 34,802)
Segment profit (loss) includes：					
Depreciation and amortization	$ 285,069	$ 208,741	$ 1,736	$ 105,570	$ 601,116
Segment assets	$ –	$ –	$ –	$ –	$ 8,926,635
Segment liabilities	$ –	$ –	$ –	$ –	$ 2,400,766

3. Explanation for adjustments and write-offs：

(1) Revenue among the Divisions are written off upon consolidation.

(2) Adjustment and write-offs on segment profit or loss (including depreciation and amortization) are mainly for elimination profit or loss among the Divisions upon consolidation, for non-allocated operating expenses, etc.

(3) Since the measurement amounts of segment assets and liabilities are not the measurement indices used by the operating decision makers, therefore, the reportable measurement amounts of segment assets and liabilities is 0. The non-allocated amounts of assets and liabilities are listed under Adjustment and write-offs.

(6) Information by Products

Item	For the year ended December 31, 2021	For the year ended December 31, 2020
Textured yarn	$ 3,576,646	$ 2,590,979
Polyester yarn	11,644	27,065
Nylon fiber	1,690,481	1,285,244
Nylon chips	5,132,088	3,129,204
Composite materials	766,583	613,026
Trading of raw materials	6,402	4,119
Revenue from outsourced manufacturing	34,669	25,970
Total	$ 11,218,513	$ 7,675,607

(7) Regional information

According to the regions where goods are sold, services provided or where the non-current assets are located in categorizing the Group's revenue from outside customers, the regional information is hereby listed as below：

By region	Revenue from outside customers		Noncurrent assets	
	Year of 2021	Year of 2020	December 31, 2021	December 31, 2020
Taiwan	$ 6,596,152	$ 4,640,224	$ 5,555,226	$ 5,543,404
Mainland China	457,591	515,373	712	556
Asia	3,967,922	2,359,474	−	−
Americas	99,276	93,761	65	60
Africa	71,107	48,816	−	−
Europe	8,770	8,702	−	−
Oceania	17,695	9,257	−	−
Total	$11,218,513	$ 7,675,607	$ 5,556,003	$ 5,544,020

Note：Noncurrent assets does not include assets classified as held-for-sale noncurrent assets, financial instruments, deferred income tax assets, pension benefit assets and assets generated from insurance contracts.

(8) Information on important customers

In 2021 and 2020, the Group did not have any customer that accounts for 10% or more of the total consolidated revenue.

Independent Auditors' Report

To： Zig Sheng Industrial Co., Ltd.

Opinion

We have audited the Parent Company Only financial statements of Zig Sheng Industrial Co., Ltd. (the "Company"), which comprise the Parent Company Only balance sheets as of December 31, 2021 and 2020, the Parent Company Only statements of comprehensive income, Parent Company Only statements of changes in equity, and Parent Company Only statements of cash flows for the years ended December 31, 2021 and 2020, and notes to the Parent Company Only financial statements, including a summary of significant accounting policies (together "Parent Company Only Financial Statements").

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 Parent Company Only Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements for the year ended December 31, 2021 are stated as follows：

Revenue recognition

Revenue generation is a fundamental business activity of an enterprise as a going concern, it is crucial to the operating performance of an enterprise. Due to ubiquitous pressure of achieving projected financial or sales targets by management, revenue recognition is considered to have higher fraudulent risk by the generally accepted auditing standards. Therefore, we list the timing of transfer of risks and rewards of sold products and the recognition of sales revenue as one of the key audit matters.

For the accounting policies regarding revenue recognition, please refer to Note 4.31 of the Parent Company Only Financial Statements；For illustration to the revenue items, please refer to disclosure in Note 6.30 of the Parent Company Only Financial Statements.

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

1. Tested the effectiveness of the Company's design and implementation of its internal controls over sales and receivable cycles, evaluated the appropriateness of revenue recognition on a test basis.
2. Understood the categories and specifications of products sold to top ten clients, evaluated the reasonableness of the sales revenue and accounts receivable turnover (days) and analyzed if there is any abnormality.
3. Evaluated the accuracy of the timing of transfer of risks and rewards of sold products and the recognition of sales revenue by selecting and testing a sample of sales transactions before and after the shipment cut-off date.

Valuation of inventory

The main inventories of the Company are Polyester Fully Oriented Yarn, Lactam and the related products and are measured using lower of cost or net realizable value. Due to rapid changes in the industry where the Company resides, the sales prices of the Company’s products are easily affected by the prices of international raw materials and may fluctuate drastically. This leads to risk that the inventory costs may exceed their net realizable value and resulted in slow-moving or obsolete inventories. And since the Company’s management, through assessment of respective outside evidence, is relied to perform the subsequent measurements and recognition, we list inventory valuation as one of the key audit matters.

For the accounting policies regarding inventories, please refer to Note 4.14 of the Parent Company Only Financial Statements；For illustration to the inventory items, please refer to disclosure in Note 6.6 of the Parent Company Only Financial Statements. Our key audit procedures performed in respect of the above area included the following：

1. Based on the understanding of the Company’s operations and nature of the industry, assessed the reasonableness of the policies and procedures adopted for recording allowance to reduce inventory to market.
2. Reviewed inventory aging reports, analyzed changes in the inventory aging and assessed whether or not the subsequent measurements were performed according to the accounting policies.
3. Understood and assessed the reasonableness of the basis of net realizable value used by the management, selected samples and agreed to the relating supporting documents to test the accuracy of the amounts, then evaluated whether or not the management’s disclosures regarding the subsequent measurements of inventories were appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company'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 Company, to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only 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 Parent Company Only 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 Parent Company Only 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Company'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, determine whether any material uncertainty exists in the events or conditions that may cast significant doubt on the Company'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 Parent Company Only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Parent Company Only Financia1 Statements, including the disclosures, and whether the Parent Company Only 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 the entities or business activities within the Company to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Company. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to affect 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 Parent Company Only Financial Statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Ying-Chia and Lin, Chih-Lung.

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 11, 2022

<u>*Notice to Readers*</u>

The accompanying Parent Company Only Financial Statements are intended only to present the Parent Company Only 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 Parent Company Only Financial Statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying Parent Company Only 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 Parent Company Only Financial Statements shall prevail.

Zig Sheng Industrial Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Assets	Notes	31-Dec-21 Amount	%	31-Dec-20 Amount	%
11xx	Current Assets		$ 4,876,474	45	$ 3,022,198	34
1100	Cash and cash equivalents	6.1	41,148	-	39,298	-
1110	Financial assets at fair value through profit or loss – current	6.2	916,107	8	603,174	7
1150	Notes receivable, net	6.3	269,770	3	220,967	3
1160	Notes receivable - related parties	6.3,7	-	-	66	-
1170	Accounts receivable, net	6.4	1,283,292	12	961,459	11
1180	Accounts receivable - related parties	6.4,7	77,999	1	79,169	1
1200	Other receivables	6.5	7,511	-	27,521	-
1220	Income tax assets	6.37	4	-	9	-
1310	Inventories, net	6.6	2,233,256	21	1,071,942	12
1410	Prepayments	6.7	47,387	-	18,593	-
15xx	Noncurrent Assets		5,899,328	55	5,902,298	66
1517	Financial assets at fair value through other comprehensive income – noncurrent	6.8	246,998	2	208,709	3
1550	Investments accounted for using equity method	6.9	21,209	-	21,392	-
1600	Property, plant and equipment	6.10	4,715,038	44	4,735,873	53
1755	Right-of-use asset	6.11	74,045	1	77,962	1
1760	Investment properties, net	6.12	643,670	6	645,185	7
1780	Intangible assets	6.13	2,133	-	1,051	-
1840	Deferred income tax assets	6.37	75,895	1	128,793	2
1915	Prepayments for equipment		49,808	1	26,126	-
1920	Guarantee deposits paid	6.14	23,330	-	24,799	-
1990	Other noncurrent assets – other	6.15	47,202	-	32,408	-
1xxx	Total Assets		$ 10,775,802	100	$ 8,924,496	100

Code	Liabilities and Equity	Notes	31-Dec-21 Amount	%	31-Dec-20 Amount	%
21xx	Current Liabilities		$ 3,138,170	29	$ 2,059,440	23
2100	Short-term loans	6.16	1,260,000	12	710,000	8
2110	Short-term notes and bills payable	6.17	499,845	4	449,934	5
2120	Financial liabilities at fair value through profit or loss – current	6.18	1,526	-	-	-
2130	Contractual liabilities – current	6.30	54,356	1	79,767	1
2150	Notes payable	6.19	217,877	2	106,683	1
2170	Accounts payable	6.19	624,041	6	371,254	5
2180	Accounts payable - related parties	7	82	-	195	-
2200	Other payables	6.20	408,719	4	303,651	3
2220	Other payables - related parties	7	70	-	4	-
2230	Current-period income tax liability	6.37	31,503	-	-	-
2250	Provisions - current	6.21	25,572	-	24,573	-
2280	Lease liabilities - current	6.11	12,975	-	12,446	-
2399	Other current liabilities – other	6.22	1,604	-	933	-
25xx	Noncurrent Liabilities		327,322	3	339,187	4
2570	Deferred income tax liabilities	6.37	137,395	1	137,395	2
2580	Lease liabilities - noncurrent	6.11	62,985	1	67,079	1
2640	Net defined benefit liability - noncurrent	6.23	103,778	1	111,549	1
2645	Guarantee deposits received	6.24	23,164	-	23,164	-
2xxx	Total Liabilities		3,465,492	32	2,398,627	27
31xx	Equity					
3100	Share capital	6.25	5,316,884	49	5,500,014	62
3110	Ordinary shares		5,316,884	49	5,500,014	62
3200	Capital surplus	6.26	398,835	4	492,157	6
3300	Retained earnings	6.27	1,534,694	14	668,136	7
3310	Legal reserve		249,476	2	249,476	3
3320	Special reserve		321,614	3	321,614	3
3350	Unappropriated retained earnings		963,604	9	97,046	1
3400	Other equity interest	6.28	59,897	1	26,138	-
3410	Exchange differences from translation of foreign operations		(270)	-	(219)	-
3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income		60,167	1	26,357	-
3500	Treasury shares	6.29	-	-	(160,576)	(2)
3xxx	Total Equity		7,310,310	68	6,525,869	73
3x2x	Total Liabilities and Equity		$ 10,775,802	100	$ 8,924,496	100

(The accompanying notes form an integral part of the parent company only financial statements)

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

		2021		2020	
Code	Item	Amount	%	Amount	%
4000	Operating revenue (Note 6.30)	$ 11,202,972	100	$ 7,649,087	100
5000	Operating costs (Note 6.6, 6.35)	(9,991,420)	(89)	(7,578,619)	(99)
5900	Gross profit (loss) from operations	1,211,552	11	70,468	1
5910	Unrealized sales benefit (Note 6.9)	(1,370)	-	(370)	-
5920	Realized sales benefit (Note 6.9)	370	-	624	-
5950	Gross profit from operations - net	1,210,552	11	70,722	1
6000	Operating expenses (Note 6.35)	(565,439)	(5)	(356,019)	(5)
6100	Selling expenses	(336,753)	(3)	(214,955)	(3)
6200	Administrative expenses	(169,953)	(1)	(85,731)	(1)
6300	Research and development expenses	(58,733)	(1)	(55,333)	(1)
6900	NET OPERATING INCOME (LOSS)	645,113	6	(285,297)	(4)
	Non-operating income and expenses				
7100	Interest income (Note 6.31)	16	-	38	-
7010	Other income (Note 6.32)	155,086	1	279,286	4
7020	Other gains and losses (Note 6.33)	222,629	2	(22,585)	-
7050	Finance costs (Note 6.34)	(19,144)	-	(11,592)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6.9)	868	-	5,058	-
7000	Total non-operating income and expenses	359,455	3	250,205	4
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,004,568	9	(35,092)	-
7950	INCOME TAX EXPENSE (Note 6.37)	(84,491)	(1)	(5,023)	-
8200	NET INCOME (LOSS)	920,077	8	(40,115)	-
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss：				
8316	Unrealized measurement gains or losses on equity instruments at FVTOCI (Note 6.8)	33,810	-	12,248	-
8311	Remeasurements of defined benefit liability (Note 6.23)	(438)	-	(589)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.37)	88	-	118	-
8310	Total items that will not be reclassified subsequently to profit or loss	33,460	-	11,777	-
	Items that may be reclassified subsequently to profit or loss： (Note 6.9)				
8381	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	(51)	-	435	-
8360	Total items that may be reclassified subsequently to profit or loss	(51)	-	435	-
8300	Total other comprehensive income (loss) for the year, net of income tax	33,409	-	12,212	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 953,486	8	($ 27,903)	-
	EARNINGS PER SHARE – ORDINARY SHARES (NT$) (Note 6.38)				
9750	Basic earnings (loss) per share	$ 1.73		($ 0.07)	
9850	Diluted earnings per share	$ 1.73			

(The accompanying notes form an integral part of the parent company only financial statements)

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Ordinary Shares	Capital Surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other Equity: Exchange differences from translation of foreign operations	Other Equity: Unrealized gains or losses on financial assets at FVTOCI	Treasury Shares	Total Equity
A1	Balance on January 1, 2020	$ 6,117,634	$ 360,397	$ 249,476	$ 321,614	$ 137,632	($ 654)	$ 14,109	$ -	$ 7,200,208
D1	Profit (loss) for 2020	-	-	-	-	(40,115)	-	-	-	(40,115)
D3	Other comprehensive income, net of tax, for 2020	-	-	-	-	(471)	435	12,248	-	12,212
L1	Buy back treasury shares	-	-	-	-	-	-	-	(646,436)	(646,436)
L3	Cancellation of treasury shares	(617,620)	131,760	-	-	-	-	-	485,860	-
Z1	Balance, December 31, 2020	$ 5,500,014	$ 492,157	$ 249,476	$ 321,614	$ 97,046	($ 219)	$ 26,357	($ 160,576)	$ 6,525,869
A1	Balance on January 1, 2021	$ 5,500,014	$ 492,157	$ 249,476	$ 321,614	$ 97,046	($ 219)	$ 26,357	($ 160,576)	$ 6,525,869
	Appropriation of 2020 earnings：									
B5	Cash dividends for ordinary shares	-	-	-	-	($ 53,169)	-	-	-	(53,169)
C15	Cash dividends from additional paid-in capital	-	($ 106,338)	-	-	-	-	-	-	(106,338)
C17	Unclaimed overdue dividends by shareholders	-	$ 455	-	-	-	-	-	-	455
D1	Profit (loss) for 2021	-	-	-	-	920,077	-	-	-	920,077
D3	Other comprehensive income, net of tax, for 2021	-	-	-	-	(350)	(51)	33,810	-	33,409
L1	Buy back treasury shares	-	-	-	-	-	-	-	(9,993)	(9,993)
L3	Cancellation of treasury shares	(183,130)	12,561	-	-	-	-	-	170,569	-
Z1	Balance, December 31, 2021	$ 5,316,884	$ 398,835	$ 249,476	$ 321,614	$ 963,604	($ 270)	$ 60,167	$ -	$ 7,310,310

(The accompanying notes form an integral part of the parent company only financial statements)

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

Code	Item	2021	2020
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES：		
A00010	Profit (loss) from continuing operations before tax	$ 1,004,568	($ 35,092)
A20000	Adjustments：		
A20010	Income/gain or expense/loss items not affecting cash flows		
A20100	Depreciation expense (including depreciation of right-of-use assets and investment properties)	462,446	585,414
A20200	Amortization expense	27,137	28,019
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(62,183)	(70,570)
A20900	Interest expense	13,904	11,363
A21200	Interest income	(16)	(38)
A21300	Dividend income	(37,059)	(22,806)
A22400	Share of profits of subsidiaries, associates, and joint ventures under equity method	(868)	(5,058)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	33	1,145
A23100	Loss (gain) from disposal of investments	(190,076)	55,646
A23900	Unrealized sales benefit	1,370	370
A24000	Realized sales benefit	(370)	(624)
A29900	Gain from lease modifications	-	(39)
A20010	Total income/gain or expense/loss items not affecting cash flows	214,318	582,822
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(51,787)	(73,412)
A31130	Decrease (increase) in notes receivable	(48,803)	(26,493)
A31140	Decrease (increase) in notes receivable – related parties	66	(16)
A31150	Decrease (increase) in accounts receivable	(321,833)	(53,112)
A31160	Decrease (increase) in accounts receivable – related parties	1,170	17,450
A31180	Decrease (increase) in other receivables	10,453	(4,551)
A31200	Decrease (increase) in inventories	(1,175,296)	565,565
A31230	Decrease (increase) in prepayments	(28,794)	(2,601)
A32125	Increase (decrease) in contractual liabilities	(25,411)	(2,842)
A32130	Increase (decrease) in notes payable	111,194	5,110
A32150	Increase (decrease) in accounts payable	252,787	19,647
A32160	Increase (decrease) in accounts payable – related parties	(113)	(245)
A32180	Increase (decrease) in other payables	110,224	310
A32190	Increase (decrease) in other payables – related parties	66	(434)
A32200	Increase (decrease) in provisions	999	(590)
A32230	Increase (decrease) in other current liabilities - other	671	1
A32240	Increase (decrease) in net defined benefit liabilities	(8,209)	(8,634)
A30000	Total changes in operating assets and liabilities	(1,172,616)	435,153
A33000	Cash generated from operations	46,270	982,883
A33100	Interest received	16	40
A33200	Dividend received	37,059	22,806
A33300	Interest paid	(13,864)	(11,514)
A33500	Income taxes refunded (paid)	3	(2,046)
AAAA	Net cash flows from (used in) operating activities	69,484	992,169

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES：		
B00010	Acquisition of FVTOCI financial assets	(13,200)	-
B00030	Returned capital from FVTOCI financial assets	8,721	2,550
B02700	Acquisition of property, plant and equipment	(218,014)	(169,041)
B02800	Disposal of property, plant and equipment	407	207
B03700	Increase in refundable deposits paid	(11)	(18,647)
B03800	Decrease in refundable deposit paid	1,480	256
B04500	Acquisition of intangible assets	(907)	(76)
B05400	Acquisition of investment properties	(3,631)	-
B06600	Decrease in other financial assets	-	3,778
B06700	Increase in other noncurrent assets - other	(40,753)	(20,845)
B07100	Increase in prepayments for equipment	(220,202)	(109,888)
BBBB	Net cash flows from (used in) investing activities	(486,110)	(311,706)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES：(Note 6.36)		
C00100	Increase in short-term loans	12,136,870	7,577,632
C00200	Decrease in short-term loans	(11,586,870)	(8,051,632)
C00500	Increase in short-term notes and bills payable	4,380,000	1,900,000
C00600	Decrease in short-term notes and bills payable	(4,330,000)	(1,450,000)
C03000	Increase in deposits received	95	100
C03100	Decrease in deposits received	(95)	(600)
C04020	Lease principal repayments	(12,479)	(12,261)
C04500	Distribution of cash dividends	(159,507)	-
C04900	Cost for buying back treasury shares	(9,993)	(646,436)
C09900	Undrawn overdue dividends payable transferred to capital surplus	455	-
CCCC	Net cash flows from (used in) financing activities	418,476	(683,197)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,850	(2,734)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,298	42,032
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 41,148	$ 39,298
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	$ 41,148	$ 39,298

(The accompanying notes form an integral part of the parent company only financial statements)

Zig Sheng Industrial Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Zig Sheng Industrial Co., Ltd. (the “Company”) was founded on August 18, 1969. The principal operating activities of the Company are as following：

(1) Spinning, weaving, dyeing/finishing, printing, processing, and trading of various filament, artificial cotton and nylon.

(2) Production, selling, import/export of fiber raw materials for use in the petrochemical industry.

The Company has factories in Guishan District, Guanyin District and Dayuan District, Taoyuan City.

The Company’s stock began traded in the Taiwan Stock Exchange from October 7, 1993.

The Company is its own ultimate parent company.

The Company's functional currency is New Taiwan Dollar. Since the Company is publicly traded in Taiwan, in order to increase comparability and consistency of the financial statements, these Parent Company Only Financial Statements are presented in New Taiwan Dollars.

2. The Authorization of Financial Statements

The accompanying Parent Company Only Financial Statements were approved and authorized for issue by the Board of Directors on March 11, 2022.

3. Application of New Standards, Amendments, and Interpretations

3.1 Effects from application of the newly issued or revised International Financial Reporting Standards recognized and issued into effect by the Financial Supervisory Commission (“FSC”)：

According to FSC Jin-Guan-Zheng-Shen No. 1090363623 Order on August 4, 2020, the Company shall, beginning from 2021, prepare its financial statements, apply the International Financial Reporting Standards, International Accounting Standards, and the related interpretations released by IASB and recognized, issued into effect by FSC (together “IFRSs”), and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The following summarizes the newly published, amended or revised IFRSs that are recognized by FSC and effective in 2021：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 ” Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (Effective from the issuance date)
Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform”	January 1, 2021
Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2022 (Note)

Note：FSC has allowed earlier adoption by companies effective from January 1, 2021. After assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Company.

3.2 Effects from not yet adopting the newly published, amended or revised IFRSs that have been endorsed and issued into effect by FSC：

The following summarizes the newly published, amended or revised IFRSs that are recognized by FSC and effective in 2022：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 16 ” Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IFRS 37 ” Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

As of the released date of these financial statements, after assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Company.

3.3 Effects from the IFRSs issued by IASB but not yet been endorsed and issued into effect by FSC：

The IFRSs newly issued, revised or amended by IASB but not yet been endorsed by FSC are summarized as following (actual effective date is determined by FSC)：

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 8 "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Pending for determination by IASB

After preliminary assessment, the above standards and interpretations do not have material impact on the financial position and financial performance of the Company. The Company will continue to assess the effects on the Company's financial position and financial performance from the above standards and interpretations, the related assessment results will be disclosed upon completion.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Parent Company Only Financial Statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

4.1 Statement of compliance

The accompanying Parent Company Only Financial Statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of preparation

1. Except for the following material items, these Parent Company Only Financial Statements have been prepared under the historical cost convention：
   (1) Financial assets and financial liabilities (including derivative instruments) measured at Fair Value Through Profit or Loss ("FVTPL").
   (2) Financial assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI").
   (3) Liabilities on cash-settled share-based payment arrangements measured at fair value.
   (4) Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Parent Company Only Financial Statements are disclosed in Note 5.
3. When the Company prepares the Parent Company Only Financial Statements, the equity method is adopted to account for investments in subsidiaries, associates and joint ventures. In order to make the current-period profit (loss), other comprehensive income (loss) and equity in the Parent Company Only Financial Statements to be consistent with those attributed to the Company in the Company's Parent Company Only Financial Statements, the various differences in accounting treatments under stand-alone and consolidated basis are adjusted in the "Investments under equity

method", "Share of profits of subsidiaries, associates, and joint ventures under equity method", "Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method" and other related equity items.

4.3 Foreign currency exchange

1. Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Parent Company Only Financial Statements are presented in New Taiwan Dollars (NT$), which is the Company's functional currency.
2. In preparing the Parent Company Only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Exchange gains and losses relating to loans and cash and cash equivalents are reported as financial costs in the statements of comprehensive income; other exchange gains and losses are reported as other gains and losses in the statements of comprehensive income according to their nature.
3. The assets and liabilities of foreign operations of the Company (including subsidiaries, associates, joint ventures or branches located offshore or using different currencies from that of the Company) are translated into New Taiwan Dollars based on the spot rates on each balance sheet date；income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.
4. When the Company disposes its foreign operations and loses control, joint control or significant influence over the foreign operations, the amounts previously recognized as equity in relation to the foreign operations are transferred to profit or loss. When the Company disposes part of its foreign operation subsidiaries but does not lose control over the subsidiaries, then the amounts previously recognized as accumulated exchange differences in the other comprehensive income (loss) are combined and included in the computation of the equity transaction proportionately but would not be recorded as profit or loss. When the Company disposes its foreign operation associates or joint equity but does not lose significant influence or joint control or over

the associates or joint equity, then the amounts previously recognized as accumulated exchange differences in the other comprehensive income (loss) is transferred to profit or loss proportional to the disposal ratio.

4.4 Classification standards for current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets：

   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Assets held mainly for trading purposes;
   (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

   All assets that do not meet any of the above criteria are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities：

   (1) Liabilities that are expected to be paid off within the normal operating cycle;
   (2) Liabilities arising mainly from trading activities;
   (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   All liabilities that do not meet any of the above criteria are classified as non-current liabilities.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and that are held for satisfying short-term cash commitments for business operations are classified as cash equivalents.

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Upon initial recognition of financial assets and financial liabilities, they are measured at fair value. Upon initial recognition, the transaction costs that can be directly attributable to obtaining or issuing the financial assets and financial liabilities (except for ones classified as FVTPL financial assets and financial liabilities) shall be added to or subtracted from the fair value of the financial assets and financial liabilities. The transaction costs that can be directly attributable to obtaining or issuing FVTPL financial assets are recorded in profit or loss in the period occurred.

4.7 Financial assets at fair value through profit or loss ("FVTPL financial assets")

1. Financial assets at fair value through profit or loss ("FVTPL") include financial assets mandatorily measured at FVTPL and financial assets designated to be measured at FVTPL. Financial assets mandatorily measured at FVTPL include equity instrument investments that are not designated to be measured at fair value through other comprehensive income by the Company, and debt instrument investments that neither meet the classification of those measured at amortized cost or at FVTPL.
2. For financial assets that are measured at either amortized cost or at FVTPL, when the measurement could be materially reduced or removed, or there is inconsistency in recognition, the Company would designate them as financial assets measured at FVTPL at initial recognition.
3. Transaction date accounting is adopted for recording customary transactions of FVTPL financial assets.
4. The Company initially measures at fair value at initial recognition, the related transaction costs are recorded in profit or loss, then subsequently measures at fair value, and the gains or losses are recorded in profit or loss.
5. When the rights to collect dividends are established, the economic benefits related to the dividends are likely to flow in, and when the dividends could be reliably measured, the Company recognizes the dividend income in profit or loss.

4.8 Financial assets at fair value through other comprehensive income ("FVTOCI financial assets")

1. Refers to the irrevocable choice made at initial recognition to report the changes in fair value of non-trading purpose equity instrument investments in other comprehensive income, or debt instrument investments that meet the following conditions：
   (1) Hold the financial assets under the business model of holding for the purpose of collecting contractual cash flows and for sale.
   (2) The cash flows generated on the specified date are fully for payment of principal and interests of outstanding principal.
2. Transaction date accounting is adopted for recording customary transactions of FVTOCI financial assets.
3. FVTOCI financial assets are initially measured at fair value, plus transaction costs and subsequently measured at fair value：
   (1) The changes in fair value of equity instruments are recognized in other comprehensive income. Upon de-recognition, the accumulated gains or losses previously recognized in other comprehensive income may not be subsequently reclassified to profit or loss, but should be transferred to retained earnings. When

the right to receive dividends is established, the related economic benefits related to the dividends is very likely to flow in, and the amount of dividends could be reliably measured, the Company recognizes the dividend income in profit or loss.

(2) The changes in fair value of debt instruments are recognized in other comprehensive income. Upon de-recognition, the impairment losses, interest income, foreign exchange gains or losses prior to de-recognition are recorded in profit or loss, and the accumulated gains or losses previously recognized in other comprehensive income are transferred from equity to profit or loss.

4.9 Financial assets measured at amortized cost

1. Refers to those meet the all of the following conditions：
   (1) Hold the financial assets under the business model of holding for the purpose of collecting contractual cash flows and for sale.
   (2) The cash flows generated on the specified date are fully for payment of principal and interests of outstanding principal.
2. Transaction date accounting is adopted for recording customary transactions financial assets measured at amortized cost.
3. The Company initially measures the financial assets at fair value, plus transaction costs and subsequently recognizes interest income during the outstanding period using the effective interest method and amortization procedures, and impairment losses are also recognized. Upon de-recognition, the gains and losses are recorded in profit or loss.
4. The Company holds time deposits that are not considered cash equivalents. Since the holding periods are short and the impacts of discount is not material, those deposits are measured at their investment amounts.

4.10 Accounts and notes receivable

Refers to, according to contractual agreements, the unconditional receipt of right to the consideration (accounts and notes receivable) for transferring goods or services. For interest-free short-term accounts and notes receivable, since the effect of discounting is immaterial, the Company initially recognizes them at invoice amounts.

4.11 Impairment of financial assets

On each balance sheet date, after considering all reasonable and reliable information (including prospective ones), the Company measures loss allowances for the debt instrument investments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contractual assets which comprise material financial components, lease payments receivable, lending commitments, and financial guarantee contracts based on 12-months projected credit loss amount for those without significant increase in credit risk after initial recognition. As to those with significant increase in credit risk after initial recognition, measures loss allowances based on the projected credit loss amount in the existing period；Regarding the accounts receivable or contractual assets which do not comprise material financial components, measures loss allowances based on the projected credit loss amount in the existing period.

4.12 Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet：

1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
3. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

4.13 Lease payments receivable / Operating lease (lessor)

1. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
   (1) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease payments receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between the gross investment in the lease and the present value of the gross investment is recognized as unearned finance income.
   (2) The lessor should allocate finance income over the lease term on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
   (3) Lease payments relating to the lease period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
2. An operating lease is a lease other than a finance lease. For operating leases, lease payments, net of any incentives given to the lessee, are recognized as an expense on a straight-line basis over the lease term.

4.14 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.15 Subsidiaries and investments accounted for using the equity method

1. Subsidiaries are all entities (including structural entities) over which the Company has control. When the Company is exposed to variable rewards from participation in the

entity or has rights to the variable rewards and has power to influence the rewards through its power over the entity, the Company controls the entity. Investments in subsidiaries are recognized at cost and are accounted for using the equity method, including the identified goodwill at the time of acquisition, after subtracting any accumulated impairment loss occurred in subsequent assessments.

2. The Company's share of its subsidiaries' profit or loss after the date of acquisition is recognized in the Company's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Company's other comprehensive income. When the Company's share of losses of its subsidiaries equals or exceeds its interest in the subsidiaries, the Company continues to recognize its share of losses.
3. Unrealized gains or losses on downstream transactions between the Company and its subsidiaries are eliminated in the Parent Company Only Financial Statements. The gains or losses generated from upstream or sidestream transactions are recognized in the Parent Company Only Financial Statements within the scope that the Company's equity interests in the subsidiaries are not related. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
4. When a subsidiary incurs changes in equity that does not related profit (loss) or other comprehensive income and does not affect the Company's ownership percentage in the subsidiary, the Company records its share of the equity changes as "Capital Surplus" proportionate to its ownership percentage.
5. When the Company's changes of shareholding in a subsidiary does not lead to loss of control (transaction with non-controlling interests), it is treated as equity transaction, that is, transaction with shareholders. The amount of difference between the adjustment amount in non-controlling interests and the fair value of the consideration received or paid is directly recognized as equity.
6. Upon loss of control over a subsidiary, the Company remeasures any retained investment in the former subsidiary at its fair value, which then becomes the initial recognition cost of financial assets at fair value or investments in associates or joint ventures. Any difference between the fair value and carrying amount is recognized in profit or loss. For all the amounts previously recognized as other comprehensive income and related to the subsidiary, the basis of accounting treatment is the same as if the Company disposes of the related assets or liabilities. That is, if the gains or losses previously recorded as other comprehensive income (loss) would be reclassified to profit or loss upon disposal of the related assets or liabilities, then, upon loss of control over the subsidiary, the gains or losses would be reclassified to profit or loss from equity.
7. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit or loss, other comprehensive income and shareholders' equity in the Parent Company Only Financial Statements should be

consistent with those allocated to the parent company shareholder in the financial statements prepared based on consolidated basis.

4.16 Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the various components of property, plant and equipment are significant, they are depreciated individually.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows：

Buildings	3 ~ 60 years
Machinery	3 ~ 15 years
Transportation equipment	5 ~ 15 years
Other equipment	2 ~ 50 years

5. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.
6. Part of the Company's depreciable assets in Guanyin Factory, Guishan Factory, and Taipei Liaison Office, upon filing tax returns, were originally depreciated using the Fixed Percentage on Declining Base Method；However, due to the Company had changed to average method in 1995, such change had been approved by Northern-Area-National-Tax-Tao-Xian-Shen No. 84073136 Letter, dated August 1, 1995.

4.17 Lease agreements (lessee) – Right-of-use assets / Lease liabilities

1. Leased assets are recorded as right-of-use assets and lease liabilities on the date when available for use by the Company. When lease contracts are of short-term or leases for

low-value lease assets, lease payments are recorded as expenses on straight-line basis over the lease period.

2. Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantial fixed payments, variable lease payments determined by indices or fee rates, expected amount of payment by lessee under residual-value guarantee, price of reasonably expected execution price for purchasing the right-of-use asset, and expected termination penalty from execution of option to terminate the lease by the lessee during the lease period, less the lease incentive received). Lease liabilities are subsequently measured at amortized costs using the effective interest method, and interest expenses are allocated among the lease periods. If there is change in future lease payment due to change in assessment of lease period and purchase option of underlying asset, change in expected amount of payment by lessee under residual-value guarantee, or change in indices or fee rates used to determine lease payments, the Company will re-measure the lease liabilities and adjust the right-of-use assets accordingly.

3. Right-of-use assets are initially recognized at cost, including the initial measurement amount of lease liabilities, then subsequently measured at the amount of costs. Depreciation for right-of-use asset is recognized based on either the economic useful life or the lease period, whichever is earlier. If the lease liabilities are re-assessed, then adjust the remeasurement amount of the lease liabilities.

4.18 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use. Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Except for land, depreciation is recognized using the straight-line method based on the estimated useful life. On de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

4.19 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives, and the estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any change in estimates is accounted for on a prospective basis. An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss in the period occurred.

4.20 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.21 Borrowings

Borrowings are initially recognized at their fair value, less the transaction costs and subsequently measured at the amortized cost adopting the effective interest method based on any difference between the proceeds after subtracting the transaction costs and redemption value during the borrowing period.

4.22 Accounts payable and notes payable

Accounts payable and notes payable are generated from acquisition of goods or services from vendors in the ordinary course of business. They are initially recognized at fair value and subsequently remeasured at amortized cost using the effective interest method. Interest income is recognized by applying the effective interest rate, except for short-term payables when the effect of discounting is immaterial and are subsequently measured at initially invoiced amounts.

4.23 Financial liabilities at fair value through profit or loss ("FVTPL financial liabilities")

1. Financial liabilities are initially designated as financial liabilities at fair value through profit or loss ("FVTPL"). When financial liabilities meet one of the following conditions, the Company will assign them as measured at fair value through profit or loss upon initial recognition：
   (1) They are hybrid (combined) contracts; or
   (2) They eliminate or significantly reduce measurement or recognition inconsistencies ; or
   (3) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
2. Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.
3. For the financial liabilities at FVTPL, when the changes in their fair value are generated from credit risks, except for avoiding accounting mismatch, loan commitments and financial guarantees that should be recorded in profit or loss, the changes in their fair value are recorded in other comprehensive income.

4.24 Non-hedging derivative instruments and embedded derivative instruments

1. Non-hedging derivative instruments are measured at their fair value on the contract signature date when initially recognized, recorded as financial assets or liabilities at FVTPL and subsequently measured at fair value, with the gains or losses recognized in profit or loss.
2. For embedded derivative instruments financial assets with mixed contracts, based on the contractual terms at initial recognition, the mixed instruments as a whole are ether classified as financial assets measured at FVTPL, FVTOCI, or amortized cost.
3. For embedded derivative instruments non-financial assets with mixed contracts, based on the contractual terms at initial recognition, judgements are made to determine if the embedded derivative instruments are closely related to the economical characters and risk of the main contract and determine whether or not they should be treated separately. When closely related, the mixed instruments as a whole, based on their nature, are treated with proper respective standards. When not closely related, the derivative instruments are treated as separate derivative instruments with the main contract, and the main contract, based on its nature, is treated with proper respective standards；or the derivative instruments and the main contract as a whole are designated as financial assets or liabilities at FVTPL at initial recognition.

4.25 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

4.26 Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render their services.
2. Pensions

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. The currency and term of the corporate bonds or government bonds are consistent with the currency and estimated term of the obligation.

B. Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

C. Past-service costs are recognized immediately in profit or loss.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

4.27 Financial liabilities and equity instruments

1. Classification as financial liabilities or equity instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3. Financial liabilities

Financial liabilities other than those held for trading purposes and those designed as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

4. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5. Offsetting financial assets and financial liabilities

Only when there is legally enforceable right allowing the amounts of recorded financial assets and liabilities to offset with each other, and the parties intent to settle on a net basis or to realize the assets and repay liabilities at the same time, so that the financial assets and financial liabilities may offset against each other and presented using net amounts in the balance sheets.

4.28 Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.29 Share-based payments

1. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
2. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay

for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.30 Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Parent Company Only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority

on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
7. The difference between the Company's income tax estimation in prior years and the assessed adjustments by the tax authorities are recorded as income tax adjustment items in the current period.

4.31 Revenue recognition

After the Company identifies the contractual obligations with the customers, the transaction prices are allocated to the respective contractual obligations, and revenue is recognized when the respective contractual obligations are fulfilled.

1. Sale of goods
   (1) The Company manufactures and sells fiber and products related to petrochemical materials. Revenue is recognized upon transferring control of the products to the customers, that is, when the products are handed to the customers. The customers have discretionary power over the sales channel and price, and, after the products are handed to the customers, the Company does not have further unfulfilled contractual obligation which may affect the acceptance of the products by the customers. When the products are delivered to the designated location, the risk of obsolete, outdated and loss of the products has been transferred to the customers, and when the customers accept the products per sales contracts, or when there is objective evidence proving all of the acceptance standards are satisfied, the handover of the products have occurred.
   (2) Revenue from sale of fiber and products related to petrochemical materials is recognized at net amount of the contract price, less the estimated discounts and other similar allowances. The amount of Recognized revenue is limited to extent that it is highly possible that it would not be materially reversed, and the estimation is updated on each balance sheet date. The estimated discount payable to customers and other similar allowance as of the balance sheet date are recorded as refund liabilities.
   (3) The Company offers standard warranty for its sold products, bears the obligation to refund for defects and recognizes provisions upon selling of the products.
   (4) Accounts receivable are recognized when the products are handed to the customers, because from then on, the Company has un-conditional right to the contact price, and it is just a matter of time to collect the consideration from the customers. The unearned receipts before the goods arrive are recorded as contractual liabilities.
   (5) The collection terms of the sales contracts that the Company signed with the

customers are consistent with those of the market normal practices. Therefore, it is determined that the contracts do not contain material financial component. As for the contracts where with the time span from transferring the committed products or services to the collection of consideration within one year, the material financial components are not adjusted to and the time value of currency is not reflected on the transaction price.

(6) Although the incremental costs generated from the Company's intent to obtain contracts with the customers are expected to recover, due to that the contract duration is shorter than one year, those costs are recorded as expenses when they occur.

(7) When processing materials supplied by the customers, since the control of ownership of the processed products is not transferred, no revenue is recognized when the materials are delivered.

2. Provision of services

The Company's provided services mainly consist of consigned processing services for customers, and revenue is recognized when the committed services are transferred to the customers (that is, when the customers obtain control over the assets) and when there is no further obligation.

4.32 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. If the purpose of the grants is to provide the Company with immediate financial support and without future related cost, then the grants are recorded in profit or loss in the period when they are receivable. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Major Sources of Critical Accounting Judgments, Estimates and Uncertainties

Since the results of the Parent Company Only Financial Statements are affected by the adopted accounting policies, accounting estimates, assumptions and other factors, when the Company adopts the material accounting policies in Note 4, regarding information that cannot be easily obtained from other sources and may lead to material misstatement in the Parent Company Only Financial Statements, the management has to utilize appropriate professional judgement, estimates, and assumptions. The Company's estimates and the related assumptions are the best estimates made according to the effective IFRSs endorsed and issued by FSC. The estimates and assumptions based on historical experiences and other factors considered relevant, but the actual results may still differ from the estimates. The Company continues to review these estimates and assumptions. If amendments to the estimates affect only the current period, the amendment would only be recorded in the current period；If amendments to the estimates affect the current and future periods, then the amendments would be recorded in the current and future periods.

5.1 Critical judgements in applying accounting policies

Except for judgements related to estimates (refer to 5.2 below), the following lists the most significant judgements that were made by the management during the process of adopting the accounting policies and have significant impacts on the recorded amounts in the financial statements：

1. Judgement made on the business model of classification of financial assets

   Based on the reflected common administrative level for achieving specific business goals by the groups of financial assets, the Company assesses the business models where the financial assets belong. This assessment requires consideration for all relevant evidence, including ways to measure performances of the assets, risks that would affect performances, and the method to determine compensation to the related managers, and utilization of judgments is also required. The Company continuously evaluates if its judgements for the business model is appropriate or not and monitors and understand if the disposals of the financial assets measured at amortized cost or the debt instrument investments measured at FVTOCI are consistent with goals of the business model. If it is discovered that the business model has been altered, the Company would postpone the adjustment to the classification of the financial assets acquired subsequently. The Company reclassifies the financial assets according to IFRS 9.

2. Investment properties

   The purpose for holding part of the real estate by the Company is either for earning rentals or capital appreciation, including real estate held for undetermined purpose in the future, while the rests are for self-use. When the respective parts may be sold individually, and only when the self-use part is immaterial to the individual real estate, the real estate would be classified under the category of investment property.

3. Operating lease commitment – when the Company is lessor

   The Company had signed commercial rental contracts and rented out part of its property sets. Based on the assessment on basic terms of the contacts, the Company still retains material risks and rewards of the ownership rights of these properties and has treated such contracts as operating leases.

4. Lease period

When determining lease period, the Company considers all relevant facts and conditions that generate economic incentives to exercise (or not to exercise) options, including any anticipated changes to the facts or conditions from the starting date to the execution date of the options. Factors considered include contractual terms and conditions during the contractual period of the options, material leasehold improvement conducted during the contractual period (or expected contractual period), importance of the target assets to the Company's operations, etc. When there is material change in material event or condition within the Company's controlling scope, re-assess the lease period.

5.2 Critical accounting estimates and assumptions

The accounting estimates made by the Company are based on the reasonable expectation of the future events under the condition of the specified dates, but the actual results may differ from the estimates. The following describes the estimates and assumptions that may have risks of material adjustments to the carrying assets and liability amounts in the next financial year：

1. Estimated impairment on financial assets

The assessment of impairment loss on accounts receivable is based on the Company's assumptions regarding default rate and expected loss ratio. The Company considers past experience, current market condition and prospective information to make the assumptions and choose the input value for the impairment loss assessment. For the material assumptions and input value used, please refer to illustrations in Note 6.4 for details. If the actual future cash flows are less than expected, material impairment loss may occur. As of December 31, 2021 and 2020, the book value of the Company's receivables were $1,638,572 thousand and $1,289,182 thousand, respectively.

2. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value. Such valuation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the valuation. As of December 31, 2021 and 2020, the book value of the Company's inventories were $2,233,256 thousand and $1,071,942 thousand, respectively (net of allowances for inventory obsolete or valuation losses of $118,689 thousand and $69,338 thousand, respectively).

3. Procedures to measure fair value and valuation

When there is no market quotes in an active market for the assets and liabilities measured at fair value, the Company, according to applicable laws and regulations or its own judgement, determines whether or not to outsource the valuation work and determine the proper fair-value valuation technique. If level one input value could not be obtained when estimating the fair value, the Company refers to the financial condition and operating results of the investees, most recent transaction prices, quotes in inactive market for the same equity instrument, quotes for similar instruments in active market, valuation multipliers for comparable companies and other information and determine the input value. If, in the future, the actual changes in input value differ from the expected value, changes in fair value may result. To monitor if the fair-value measurement is appropriate or not, the Company periodically updates the various input value based on market conditions. For illustrations to the fair-value valuation technique and input value, please refer to Note 12.4 for details. As of December 31, 2021 and 2020, the book value of the Company's investments in non-public stocks were $246,998 thousand and $208,709 thousand, respectively.

4. Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions. As of December 31, 2021 and 2020, after careful assessment by the Company, there was no material impairment loss.

5. Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future. As of December 31, 2021 and 2020, the recorded accumulated impairment amount of the Company's intangible assets were both $2,175 thousand.

6. Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized.

The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets. As of December 31, 2021 and 2020, the Company recorded \$75,895 thousand and \$128,793 thousand of deferred income tax assets, respectively；The non-recorded deferred income tax assets of the Company due to not very likely to have taxable income were \$0 and \$54,640 thousand, respectively.

7. Calculation of net defined benefit obligation

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations. As of December 31, 2021 and 2020, the book value of the Company's net defined benefit obligation were \$103,778 thousand and \$111,549 thousand, respectively.

8. Incremental borrowing interest rate of lessee

When determining the lessee's incremental borrowing interest rate used for discounting lease payments, the risk-free rate under the same currency and relevant period is used as reference benchmark, along with consideration on the lessee's credit risk premium and specific lease adjustment (factors such as pledge of assets).

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 1,989	$ 1,983
Checking account	20,611	3,386
Demand deposits	16,185	30,042
Foreign currency deposits	2,363	3,887
Total	$ 41,148	$ 39,298

The Company has no cash and cash equivalents pledged to others.

6.2 FVTPL financial assets – current

Item	December 31, 2021	December 31, 2020
Mandatorily measured at FVTPL		
Listed stocks	$ 916,083	$ 602,967
Derivatives - forward exchange contract	–	207
Derivatives – foreign exchange swap	24	–
Total	$ 916,107	$ 603,174

1. Regarding details for the financial assets mandatorily measured at FVTPL (not including derivative instruments), please refer to Note 13(1) (2)-3.
2. The net gain (loss) (not including derivative instruments) recorded in profit or loss in 2021 and 2020 were $253,761 thousand and $14,717 thousand.
3. The purpose for the Company to engage in transactions in derivative instruments is to avoid risks on foreign-currency assets or liabilities due to exchange fluctuations, however, without adopting hedge accounting. As of December 31, 2021 and 2020, the existing contract assets (liabilities) for the derivative instruments are as following：

Financial Instrument	Buy/Sell Currency	Contract Amount	Fair Value	Contract Period Until Expiration
(1) December 31, 2021：				
Buy forward exchange contract	JPY/NTD	JPY107,000/NTD27,264	($ 1,526)	2022.1.21.
Foreign exchange swap	USD/NTD	USD 3,980/NTD110,122	$ 24	2021.1.10.～2022.1.14.
(2) December 31, 2020：				
Buy forward exchange contract	JPY/NTD	JPY524,000/NTD142,634	$ 207	2021.1.25.～2021.6.25.

The recorded net loss in 2021 and 2020 due to the Company's engagement in derivative contractual transactions were $6,249 thousand and $1,124 thousand, respectively.

4. The Company has no FVTPL financial assets - current pledged to others.

6.3 Notes receivable (including related parties)

Item	December 31, 2021	December 31, 2018
Notes receivable	$ 269,770	$ 220,967
Less：Allowance for losses	–	–
Subtotal	269,770	220,967
Total notes receivable - related parties	–	66
Less：Allowance for losses	–	–
Subtotal	–	66
Net amount	$ 269,770	$ 221,033

1. All of the Company's notes receivable are not overdue; the expected rate of credit loss is 0%.
2. The Company has no notes receivable pledged to others.

6.4 Accounts receivable (including related parties)

Item	December 31, 2021	December 31, 2020
Accounts receivable	$ 1,283,292	$ 961,459
Less： Allowance for doubtful receivables	–	–
Subtotal	1,283,292	961,459
Accounts receivable - related parties	77,999	79,169
Less： Allowance for losses	–	–
Subtotal	77,999	79,169
Net amount	$ 1,361,291	$ 1,040,628

1. The loss allowances (including related parties) for accounts receivable measured according to the provision matrix are as following：

	December 31, 2021			December 31, 2020		
Aging	Total amount	Allowance for losses	Net amount	Total amount	Allowance for losses	Net amount
Not overdue	$1,235,463	$ –	$1,235,463	$1,025,267	$ –	$1,025,267
Overdue 1 ~ 30 days	119,491	–	119,491	9,738	–	9,738
Overdue 31 ~ 90 days	6,025	–	6,025	4,628	–	4,628
Overdue 91 ~ 180 days	244	–	244	927	–	927
Overdue 181 ~ 365 days	–	–	–	68	–	68
Overdue over 365 days	68	–	68	–	–	–
Total	$1,361,291	$ –	$1,361,291	$1,040,628	$ –	$1,040,628

The above analysis is based on the number of days overdue.

The expected rate of credit loss for the above respective account aging intervals (excluding abnormal receivables that are recognized 100%), Not overdue and Overdue within 90 days：0% ~ 5%, Overdue 90 ~ 365 days：25% ~ 50%, Overdue 365 or more days ： 100%. The risk of expected credit loss for the Company's non-overdue accounts receivable is very low ；For the part of overdue accounts receivable as of the balance sheet date, after considering other credit enhancing guarantees, subsequent receipts and offset conditions and other reasonable and verifiable information, the Company determines that there is no material change in the credit quality, and there is also no significant increase in credit risk after initial recognition. Therefore, the Company's management expects that such accounts receivable are not subjected to material credit loss due to default from the transaction parties. Therefore, allowance for losses was not adjusted.

2. The Company adopts the simplified method in applying IFRS 9 and recognizes allowance for the uncollectable accounts based on the expected credit loss during the existing period. The expected credit loss during the existing period is computed using provision matrix, after considering the customer's past defaulted records, history of past receipts, condition of increase in deferred payments that exceed the average credit period, the customer's present financial condition, and changes and prospective of observable country-wide or regional economic conditions and other prospective considerations. Since the Company's past credit loss experience shows that there was no significant difference in the types of loss among the different groups of customers, the provision matrix does not further distinguish these customer groups but only sets the expected rate of credit loss based on number of overdue days of the accounts receivable and actual conditions. The Company does not hold any collateral for the accounts receivable.

   If there is evidence shows that the transaction party has severe financial difficulties, and the Company could not be reasonably expected to recover the amounts, the Company would recognize 100% loss allowance or direct write off of the related accounts receivable. However, the Company would still continue the collection activities, and any recovered amount is recorded in profit or loss.

3. Movements of the allowance for losses (including related parties)：None
4. The Company has no accounts receivable (including related parties) pledged to others.

6.5 Other receivables

Item	December 31, 2021	December 31, 2020
Tax refund receivable	$ 4, 073	$ –
Discount receivable	1, 302	–
Government grants receivable	150	15, 493
Investment proceeds receivable	–	9, 557
Others	1, 986	2, 471
Total	$ 7, 511	$ 27, 521

6.6 Inventories

Item	December 31, 2021			December 31, 2020		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Raw materials	$ 392, 513	$ 25, 458	$ 367, 055	$ 213, 644	$ 8, 085	$ 205, 559
Supplies	123, 937	302	123, 635	93, 857	40	93, 817
Work in process	186, 993	6, 186	180, 807	130, 879	5, 070	125, 809
Finished goods	1, 338, 258	74, 330	1, 263, 928	666, 091	53, 713	612, 378
Finished goods purchased from outside	49, 577	12, 413	37, 164	25, 867	2, 430	23, 437
In-transit raw materials	260, 667	–	260, 667	10, 942	–	10, 942
Total	$2, 351, 945	$ 118, 689	$2, 233, 256	$1, 141, 280	$ 69, 338	$1, 071, 942

1. Cost of goods sold and other operating costs：

Item	2021	2020
Cost of goods sold	$ 9,844,547	$ 7,329,285
Plus：Outsourced processing costs	27,824	22,561
Plus：Unallocated labor and overheads	109,001	339,182
Plus：Loss on scrapping of inventories	1,218	3,183
Plus：Loss on inventory counts, net	4	−
Plus：Loss on net realizable value of inventories	49,351	−
Less：Gain on inventory counts, net	−	(205)
Less：Gain from price recovery of inventories	−	(91,356)
Less：Scrap sales	(40,525)	(24,031)
Recorded operating cost	$ 9,991,420	$ 7,578,619

2. In the years of 2021 and 2020, the Company recorded $49,351 thousand and ($91,356) thousand of loss on net realizable value (gain from price recovery) of inventories, respectively, mainly due to price recovery of inventories and consumption of stock.
3. The Company has no inventories pledged to others.

6.7 Prepayments

Item	December 31, 2021	December 31, 2020
Prepayments for materials	$ 40,761	$ 15,069
Prepaid insurance	571	628
Office supplies	282	281
Input VAT	511	461
Others	5,262	2,154
Total	$ 47,387	$ 18,593

6.8 FVTOCI financial assets – noncurrent

Item	December 31, 2021	December 31, 2020
Domestic unlisted stocks		
Lilyent Corp.	$ 28,812	$ 28,812
Yen Hsing Textile Co., Ltd.	90,090	90,090
Yi Tong Fiber Co., Ltd.	19,800	19,800
Chu Sing Industrial Co., Ltd.	700	700
Ability I Venture Capital Corp.	14,229	22,950
Ability Asia Capital Corp.	20,000	20,000
Domestic limited partnership		
Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	13,200	–
Subtotal	186,831	182,352
Plus：Valuation adjustment	60,167	26,357
Net amount	$ 246,998	$ 208,709

1. The Company’s investments in the above domestic unlisted stocks are not held for short-term profit. The management thinks that if fluctuations in short-term fair value of such investments are recorded in profit or loss, the accounting treatment would not be consistent with the investment planning. Therefore, it is determined that these investments are designated as measured at FVTOCI.
2. From January 1, 2021 to December 31, 2021, the Company made $13,200 thousand of new equity investment in Ability Asia Capital II Outstanding Transformation Growth Limited Partnership；As of December 31, 2021, the Company had $13,200 thousand of accumulated equity investment in the above limited partnership, which accounted for 1.58% of the total subscription amount. The Company plans to make $40,000 thousand of total investment in the limited partnership.
3. Using June 10, 2021 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 29,070 thousand shares of its common shares, totaled $290,700 thousand, with capital reduction rate of 38%. 872 thousand shares held by the Company were cancelled due to the capital reduction, and the returned capital was $8,721 thousand.
4. Using July 21, 2020 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 8,500 thousand shares of its common shares, totaled $85,000 thousand, with capital reduction rate of 10%. 255 thousand shares held by the Company were cancelled due to the capital reduction, and the returned capital was $2,550 thousand.

5. The Company's investments in structural individual entities are limited partnership equity interests in nature, therefore, there was no transaction quantity or unit transaction price. In addition, the Company only bears the rights and obligations to the extent of the scope of investment contracts and does not have significant influence over those investments. Therefore, the largest risk exposure amounts as of the balance sheet date were the book value of those investments.
6. In 2021 and 2020, the net gain (loss) due to fair-value fluctuations was $33,810 thousand and $12,248 thousand, respectively, and was recorded in other comprehensive income and accumulated in other equity ; The amount directly transferred to retained earnings from accumulated profit or loss from disposal of investments was zero for both years.
7. None of the Company's held FVTOCI financial assets is offered as collateral or pledged to others.

6.9 Investments accounted for using the equity method

1. Subsidiary

	December 31, 2021		December 31, 2020	
Investee	Book value	Holding %	Book value	Holding %
ZIS Holding Co., Ltd.	$ -	100%	$ -	100%
Nicest Int'L Trading Corp.	17, 648	100%	16, 564	100%
Ding Sheng Material Technology Corporation Limited	3, 561	100%	4, 828	100%
Total	$ 21, 209		$ 21, 392	

2. ZIS Holding Co., Ltd. is the Company's 100% foreign investee company. The Company invested 5,400 thousand shares of the company, USD1.00 per share, totaled USD5,400 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 091018941 Letter on August 1, 2002.
3. Nicest Int'L Trading Corp. is the Company's 100% foreign investee company. The Company's invested 300 thousand shares of the company, USD1.00 per share, totaled USD300 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 10200461630 Letter on December 12, 2013.
4. The shares of profit (loss) and other comprehensive income from the subsidiaries under equity method in 2021 and 2020 were evaluated and recognized according to the audited financial statements of the investee companies in the respective periods.
5.The Company's shares of profit (loss) and other comprehensive income from the subsidiaries under equity method are as follows：

Name of subsidiary	2021 Share of profit (loss)	2021 Share of other comprehensive income (loss)	2020 Share of profit (loss)	2020 Share of other comprehensive income (loss)
ZIS Holding Co., Ltd.	$ －	$ －	$ －	$ －
Nicest Int'L Trading Corp.	1,625	(135)	2,879	243
Ding Sheng Material Technology Corporation Limited	(757)	84	2,179	192
Total	$ 868	($ 51)	$ 5,058	$ 435

6. In 2021 and 2020, due to unrealized sales gains, the Company's investment amounts under equity method were adjusted and reduced by $1,370 thousand and $370 thousand, respectively; Due to realized sales gains, the Company's investment amounts under equity method were adjusted and increased by $370 thousand and $624 thousand, respectively.
7. None of investments accounted for using the equity method held by the Company were pledged to others.
8. For information regarding the Company's subsidiaries, please refer to Note 4.3 of the Company's 2021 Consolidated Financial Statements.
9. As of December 31, 2021 and 2020, the total asset, total liability and total equity of the Company's invested subsidiary ZIS Holding Co., Ltd. were all zero, and the subsidiary did not have any income, expenses or losses during the above periods. Therefore, the subsidiary is not included as a component entity in the Company's Consolidated Financial Statements.
10. For the Company's investments in companies in Mainland China through ZIS Holding Co., Ltd. and Nicest Int'L Trading Corp., please refer to Note 13.3 Disclosures of Investments in Mainland China.

6.10 Property, plant and equipment

Item	December 31, 2021	December 31, 2020
Land	$ 1,786,837	$ 1,786,837
Buildings	2,980,375	2,939,680
Machinery	9,379,348	8,983,012
Transportation equipment	80,913	80,624
Other equipment	335,014	258,297
Equipment to be inspected and construction in progress	64,934	270,825
Total cost	14,627,421	14,319,275
Less： Accumulated depreciation	(9,910,208)	(9,581,227)
Less：Accumulated impairment	(2,175)	(2,175)
Net amount	$ 4,715,038	$ 4,735,873

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost：							
Balance, January 1, 2021	$1,786,837	$2,939,680	$ 8,983,012	$ 80,624	$ 258,297	$ 270,825	$14,319,275
Additions	-	3,219	25,792	2,061	17,555	166,298	214,925
Disposals	-	-	(110,809)	(1,897)	(3,222)	-	(115,928)
Reclassification	-	37,476	481,353	125	62,384	(372,189)	209,149
Balance, December 31, 2021	$1,786,837	$2,980,375	$ 9,379,348	$ 80,913	$ 335,014	$ 64,934	$14,627,421
Accumulated depreciation and impairment：							
Balance, January 1, 2021	$ -	$1,523,869	$ 7,782,420	$ 75,122	$ 201,991	$ -	$ 9,583,402
Depreciation expense	-	94,104	334,779	2,140	13,446	-	444,469
Disposals	-	-	(110,369)	(1,897)	(3,222)	-	(115,488)
Reclassification	-	-	-	-	-	-	-
Balance, December 31, 2021	$ -	$1,617,973	$ 8,006,830	$ 75,365	$ 212,215	$ -	$ 9,912,383

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost：							
Balance, January 1, 2020	$1,786,837	$2,893,263	$ 8,439,161	$ 81,781	$ 249,745	$ 393,458	$13,844,245
Additions	-	3,457	17,565	665	2,638	151,386	175,711
Disposals	-	(370)	(71,777)	(1,822)	(2,840)	-	(76,809)
Reclassification	-	43,330	598,063	-	8,754	(274,019)	376,128
Balance, December 31, 2020	$1,786,837	$2,939,680	$ 8,983,012	$ 80,624	$ 258,297	$ 270,825	$14,319,275
Accumulated depreciation and impairment：							
Balance, January 1, 2020	$ -	$1,429,907	$ 7,400,761	$ 73,997	$ 192,855	$ -	$ 9,097,520
Depreciation expense	-	94,254	452,166	2,947	11,972	-	561,339
Disposals	-	(292)	(70,507)	(1,822)	(2,836)	-	(75,457)
Reclassification	-	-	-	-	-	-	-
Balance, December 31, 2020	$ -	$1,523,869	$ 7,782,420	$ 75,122	$ 201,991	$ -	$ 9,583,402

Note：The net increase from reclassifications of inventories in 2021 and 2020 were $17,844 thousand and $37,672 thousand, respectively；reclassifications from prepayments for equipment were $192,658 thousand and $338,456 thousand, respectively；Reclassifications to intangible assets were $1,353 thousand and $0, respectively.

1. The Company's property, plant and equipment are mainly for self-use.
2. Reconciliation between the additions of property, plant and equipment in the current period and those in the statements of cash flows:

Item	2021	2020
Increase in property, plant and equipment	$ 214,925	$ 175,711
Plus：Decrease (increase) in payables for equipment	3,089	(6,670)
Cash payment	$ 218,014	$ 169,041

3. The amount of capitalized borrowing cost and interest interval of property, plant and equipment：None

4. Material components of property, plant and equipment are depreciated at straight-line method based on the following useful lives：

(1) Buildings

Main factory buildings	20~60 years	Warehouses and dorms	10~60 years
Auxiliary buildings	5~60 years	Electric water purification equip.	9~40 years
Others	5~50 years		

(2) Machinery and equipment

Manufacturing equip.	5~25 years	Auxiliary manufacturing equip.	3~21 years
Electric power equip.	8~18 years	Air conditioner and boilers	5~16 years
Auto-storage equip.	9~16 years		

(3) Transportation equipment

For manufacturing	6~18 years	For non-manufacturing	5~11 years

(4) Other equipment

Office equipment	3~21 years	Others	7~25 years

5. Since part of the Company's machinery could not be utilized to its full capacity, the expected future cash flows from the manufacturing machinery are reduced, which led to its recoverable amount smaller than its book value. After careful assessment by the Company, as of December 31, 2021 and 2020, the Company recorded $2,175 thousand of accumulated impairment loss on property, plant and equipment for both of the years.

6. No property, plant and equipment held by the Company were pledged to others.

6.11 Leases

1. Right-of-use assets

Item	December 31, 2021	December 31, 2020
Buildings	$ 75,711	$ 66,780
Machinery equipment	34,717	34,734
Total cost	110,428	101,514
Less：Accumulated depreciation	(36,383)	(23,552)
Less：Accumulated impairment	－	－
Net amount	$ 74,045	$ 77,962

Item	Buildings	Machinery equipment	Transportation equipment	Total
Cost：				
2021.01.01 balance	$ 66, 780	$ 34, 734	$ －	$ 101, 514
Addition/Remeasurement	8, 931	(17)	－	8, 914
Disposal/Write-offs	－	－	－	－
December 31, 2021 balance	$ 75, 711	$ 34, 717	$ －	$ 110, 428
Accumulated depreciation and impairment：				
2021.01.01 balance	$ 9, 689	$ 13, 863	$ －	$ 23, 552
Depreciation expense	5, 878	6, 953	－	12, 831
Disposal/Write-offs	－	－	－	－
December 31, 2021 balance	$ 15, 567	$ 20, 816	$ －	$ 36, 383

Item	Buildings	Machinery equipment	Transportation equipment	Total
Cost：				
2020.1.1 balance	$ 66, 780	$ 34, 646	$ 8, 453	$ 109, 879
Addition/Remeasurement	－	88	(613)	(525)
Disposal/Write-offs	－	－	(7, 840)	(7, 840)
2020.12.31 balance	$ 66, 780	$ 34, 734	$ －	$ 101, 514
Accumulated depreciation and impairment：				
2020.1.1 balance	$ 4, 498	$ 6, 913	$ 1, 691	$ 13, 102
Depreciation expense	5, 191	6, 950	382	12, 523
Disposal/Write-offs	－	－	(2, 073)	(2, 073)
2020.12.31 balance	$ 9, 689	$ 13, 863	$ －	$ 23, 552

2. Lease liabilities

	December 31, 2021		December 31, 2020	
Item	Current	Noncurrent	Current	Noncurrent
Buildings	$ 5, 365	$ 55, 901	$ 4, 895	$ 52, 965
Machinery equipment	7, 610	7, 084	7, 551	14, 114
Total	$ 12, 975	$ 62, 985	$ 12, 446	$ 67, 079

Item	Buildings	Machinery equipment	Transportation equipment	Total
Lease liabilities：				
2021.01.01 balance	$ 57,860	$ 21,665	$ －	$ 79,525
Addition/Remeasurement	8,931	(17)	－	8,914
Disposal/Write-offs	－	－	－	－
Lease principal repayment	(5,525)	(6,954)	－	(12,479)
December 31, 2021 balance	$ 61,266	$ 14,694	$ －	$ 75,960

Item	Buildings	Machinery equipment	Transportation equipment	Total
Lease liabilities：				
2020.1.1 balance	$ 62,693	$ 28,488	$ 6,936	$ 98,117
Addition/Remeasurement	－	88	(613)	(525)
Disposal/Write-offs	－	－	(5,806)	(5,806)
Lease principal repayment	(4,833)	(6,911)	(517)	(12,261)
2020.12.31 balance	$ 57,860	$ 21,665	$ －	$ 79,525

(1) Lease periods and range of discount rates for lease liabilities are shown as below：

Item	Expected lease period (including renewal rights)	December 31, 2021	December 31, 2020
Buildings	3～15 years	0.84%～1.42%	0.84%～1.42%
Machinery equipment	5 years	1.00%	1.00%

(2) Maturity analysis for the Company's lease liabilities：

Item	December 31, 2021	December 31, 2020
Within 1 year	$ 13,941	$ 13,425
Over 1 year but within 5 years	29,221	34,027
Over 5 years but within 10 years	27,626	23,839
Over 10 years but within 15 years	11,050	14,304
Over 15 years but within 20 years	－	－
Over 20 years	－	－
Undiscounted total lease payments	$ 81,838	$ 85,595

3. Material leasing activities and terms

(1) The Company leases buildings, machinery equipment and transportation equipment, etc. Upon termination of the leases, the Company does not have favorable renewal rights toward the target leased assets. Part of the leases are attached with renewal rights upon maturities. Lease contracts are individually negotiated with different terms and conditions, and the lease payments for part of lease contracts may be adjusted according to Consumer Price Index. Except that

the leased targets shall not be used as collaterals for borrowings, without consent from the lessors, the Company shall not sublease or transfer all or part of the leased targets. No other restriction applies.

(2) Option to extend leases

Part of the lease targets in the Company's lease contract contain enforceable option for the Company to extend the leases. Such clauses are general practices of the lessors to enable the Company to have more flexibility in business operations and use the assets more efficiently. When the Company determines the lease periods, all facts and situations of economic incentives generated from exercising the right to extend the leases are considered. When events occurred which materially affect the assessment on the enforcement of extension option or non-exercising of the termination option, the lease periods would be re-estimated.

4. Sublease：

The Company subleases part of its rights to use its rented space via operating lease, and the rents were collected according to the to the contracts. Most of the lease agreements can be extended at the end of the lease periods according to market prices. During 2021 and 2020, the rental income from the subleases were both $96 thousand.

5. Other relevant information on leases

In 2021 and 2020, based on the operating lease contracts, the Company recorded rental income of $74,751 thousand and $75,327 thousand, respectively, none of which was gain from variable lease payments.

Regarding the Company's agreements for leasing out investment properties under operating lease, please refer to Note 6.12-6.

(1) Income and loss items related to lease contracts：

Item	From January 1 to December 31, 2021	From January 1 to December 31, 2020
Short-term lease expense	$ －	$ －
Low-value-assets lease expense	－	－
Expense on variable lease payments	－	－
Total	$ －	$ －
Interest expense on lease liabilities	$ 1,105	$ 1,122
Gain (loss) generated from sale and leaseback transactions	$ －	$ －
Gain (loss) generated from amendment of lease transactions	$ －	$ 39

The Company chooses to adopt exemption treatment for recording short-term leases and low-value-assets liabilities that meet the criteria and does not record right-of-use assets and lease liabilities for these leases.

(2) In 2021 and 2020, the total cash out flows were $13,584 thousand and $13,383 thousand, respectively.

(3) After careful assessment on the right-of-use assets, none of right-of-use assets were impaired.

6.12 Investment properties

Item	December 31, 2021	December 31, 2020
Land	$ 583, 429	$ 583, 429
Land improvements	418, 746	418, 746
Investment properties under construction	3, 631	–
Subtotal	1, 005, 806	1, 002, 175
Less： Accumulated depreciation	(362, 136)	(356, 990)
Less： Accumulated impairment	–	–
Net amount	$ 643, 670	$ 645, 185

Item	Land	Land improvements	Investment properties under construction	Total
Cost：				
Balance, January 1, 2021	$ 583, 429	$ 418, 746	$ –	$ 1, 002, 175
Additions	–	–	3, 631	3, 631
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2021	$ 583, 429	$ 418, 746	$ 3, 631	$ 1, 005, 806
Depreciation and impairment：				
Balance, January 1, 2021	$ –	$ 356, 990	$ –	$ 356, 990
Depreciation expense	–	5, 146	–	5, 146
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2021	$ –	$ 362, 136	$ –	$ 362, 136

Item	Land	Land improvements	Investment properties under construction	Total
Cost：				
Balance, January 1, 2020	$ 583,429	$ 418,746	$ －	$ 1,002,175
Additions	－	－	－	－
Disposals	－	－	－	－
Reclassification	－	－	－	－
Balance, December 31, 2020	$ 583,429	$ 418,746	$ －	$ 1,002,175
Depreciation and impairment：				
Balance, January 1, 2020	$ －	$ 345,438	$ －	$ 345,438
Depreciation expense	－	11,552	－	11,552
Disposals	－	－	－	－
Reclassification	－	－	－	－
Balance, December 31, 2020	$ －	$ 356,990	$ －	$ 356,990

1. Amount and range of interest rates of capitalized borrowing cost of investment properties：None
2. Rental income from investment properties and direct operating expenses arising from investment property are shown below：

Item	2021	2020
Rental income from investment properties	$ 74,568	$ 75,110
Direct operating expenses arising from the investment properties that generated rental income during the period	$ 12,503	$ 18,745
Direct operating expenses arising from the investment properties that did not generate rental income during the period	$ －	$ －

3. The Company's investment properties are located at Meishi Section of Yangmei District in Taoyuan City, Chungxing Section of Pingzhen District in Taoyuan City and Beigang Section of Dayuan District in Taoyuan City. Since those sections are located in industrial area, the transactions in the comparable market are infrequent, and reliable estimates of fair value are not available, the fair value could not be reliably determined.
4. After careful assessment by the Company, the investment properties are not impaired.
5. All investment properties held by the Company were self-owned and not pledged to others.

6. Lease agreements – the Company as lessor

The lease contract periods of the Company' leased out investment property (including land, the attached improvements, etc.) range from 3~18 years, upon termination of the leases, the lessors do not have favorable lease rights toward the leased assets. Rents are collected according to the contracts, most of the lease contracts can be renewed according to market prices upon termination of the leases and include clauses which adjust rents according to market environment each year. The minimum collectable amount of total lease payments in the future are as following：

Item	December 31, 2021	December 31, 2020
1st year	$ 76,416	$ 76,416
2nd year	28,076	76,416
3rd year	18,858	28,076
4th year	18,948	18,858
5th year	18,948	18,948
Over 5 years	224,484	243,432
Total	$ 385,730	$ 462,146

6.13 Intangible assets

Item	December 31, 2021	December 31, 2020
Cost of computer software	$ 7,022	$ 6,284
Less： Accumulated amortization	(4,889)	(5,233)
Less： Accumulated impairment	–	–
Net amount	$ 2,133	$ 1,051

Item	2021	2020
Cost of computer software：		
Beginning balance	$ 6,284	$ 7,207
Addition – from individual	907	76
Disposal / Write-off	(1,522)	(999)
Reclassification (Note)	1,353	–
Ending balance	$ 7,022	$ 6,284
Accumulated amortization and impairment：		
Beginning balance	$ 5,233	$ 4,343
Amortization expense	1,178	1,889
Disposal / Write-off	(1,522)	(999)
Reclassification	–	–
Ending balance	$ 4,889	$ 5,233

Note：Net increased amount in reclassification was transferred from property, plant and equipment.

1. The amount of capitalized borrowing cost and interest interval of intangible assets：None
2. The Company's intangible assets are amortized at straight-line method based on the following useful life：

Computer software	3 years

3. After careful assessment by the Company, the Company's intangible assets are not impaired.
4. No intangible assets held by the Company were pledged to others.
5. Amortization of intangible assets by function：

Item	2021	2020
Operating cost	$ 335	$ 374
Operating expense		
Sales expense	－	－
Administration expense	779	1, 515
R&D expense	64	－
Subtotal	843	1, 515
Total	$ 1, 178	$ 1, 889

6.14 Guarantee deposits paid

Item	December 31, 2021	December 31, 2020
Rental deposits - lessee	$ 154	$ 154
Deposits for natural gas	22, 572	24, 021
Membership deposits	500	500
Others	104	124
Total	$ 23, 330	$ 24, 799

6.15 Other noncurrent assets – other

Item	December 31, 2021	December 31, 2020
Long-term prepaid expenses	$ 449	$ 1, 094
Pallets	46, 753	31, 314
Total	$ 47, 202	$ 32, 408

Item	2021	2020
Other noncurrent assets		
Beginning balance	$ 32, 408	$ 37, 693
Addition– from individual	40, 753	20, 845
Amortization expense	(25, 959)	(26, 130)
Ending balance	$ 47, 202	$ 32, 408

6.16 Short-term borrowings

Item	December 31, 2021	December 31, 2020
Credit loans	$ 1,260,000	$ 710,000
Interest rates	0.52%～0.91%	0.52%～0.89%

The Company issued promising notes by the amounts equal to the above loans to the banks as collaterals for the short-term borrowing contracts.

6.17 Short-term notes and bills payable

Item	December 31, 2021	December 31, 2020
Commercial paper	$ 500,000	$ 450,000
Less：Unamortized discount	(155)	(66)
Net amount	$ 499,845	$ 449,934
Interest rates	0.58%～0.69%	0.39%～0.60%

The commercial papers of the Company were issued with guarantees by the security firms or banks, and promising notes by the amounts equal to the loans were issued as collaterals for repayment of the loans.

6.18 Financial liabilities measured at fair value through profit or loss – current

Item	December 31, 2021	December 31, 2020
Mandatorily measured at FVTPL		
Derivative - foreign exchange swap contract	$ 1,526	$ -

Please refer to Note 6.2-3 for details.

6.19 Notes and accounts payable

The recorded notes and accounts payable are mainly from business operations. The Company has an established financial risk management policy for ensuring all payables are repaid within the credit deadlines agreed previously.

6.20 Other payables

Item	December 31, 2021	December 31, 2020
Payroll and bonus payable	$ 185, 402	$ 132, 844
Employees compensation payable	21, 149	–
Directors' and supervisor's remuneration payable	31, 723	–
Interest payable	317	188
Insurance payable	15, 003	13, 752
Transportation fees payable	8, 821	7, 167
Utilities payable	45, 590	44, 395
Export fees payable	22, 711	22, 340
Processing outsourcing fees payable	502	193
Professional service fees payable	1, 260	1, 160
Taxes payable	7, 079	7, 178
Sales tax payable	4, 063	6, 424
Payables for equipment	34, 161	37, 250
Investment proceeds payable	10, 289	12, 485
Others payable	20, 649	18, 275
Total	$ 408, 719	$ 303, 651

6.21 Provisions－current

Item	December 31, 2021	December 31, 2020
Employee benefits – paid leaves	$ 25, 572	$ 24, 573

1. Provisions for employee benefits – current are estimation of employees' vested rights for paid leaves. In most cases, sick leaves, maternity leaves or paternity leaves are contingent in nature, which are determined by future events and not from accruals. Therefore, such costs are recognized at the time when occurred.
2. Movement in provisions for employee benefits – current：

Item	2021	2020
Beginning balance	$ 24, 573	$ 25, 163
Addition	25, 720	24, 584
Used amount	(24, 721)	(25, 174)
Reversal amount	–	–
Ending balance	$ 25, 572	$ 24, 573

6.22 Other current liabilities – other

Item	December 31, 2021	December 31, 2020
Receipts under custody	$ 1, 604	$ 933

6.23 Pension benefit plans

Item	December 31, 2021	December 31, 2020
Defined benefit plan	$ 98,383	$ 106,415
Defined contribution plan	5,395	5,134
Total	$ 103,778	$ 111,549

1. Defined benefit plan

(1) The Company have a defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued (within 15 service years, 2 units are given for each year; 1 unit is given for each year over 15 service years, and the overall accrued units is limited to 45) and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2.5% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March.

(2) Amounts recognized in the balance sheet are as follows：

Item	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 108,139	$ 119,362
Fair value of plan assets	(9,756)	(12,947)
Net defined benefit liability	$ 98,383	$ 106,415

(3) Movements in net defined benefit liabilities are as follows：

Item	2021		2020	
Balance at January 1	$	119,362	$	127,809
Current service cost		－		－
Interest expense		475		956
Actuarial (gains)	(	2,406)	(	2,383)
Remeasurements – actuarial loss (gain)：				
Effect of change in demographic assumptions		423		1
Effect of change in financial assumptions	(	4,414)		5,548
Experience adjustments		4,605	(	4,422)
Paid benefits		－	(	591)
Repayments (Note)	(	9,906)	(	7,556)
Balance at December 31	$	108,139	$	119,362

(4) Movements in fair value of plan assets are as follows：

Item	2021		2020	
Balance at January 1	$	12,947	$	13,826
Interest income		55		112
Remeasurements：				
Return on plan assets in addition to net interest		176		538
Contribution by employer		6,484		6,618
Benefits paid from plan assets		－	(	591)
Repayments from plan assets	(	9,906)	(	7,556)
Balance at December 31	$	9,756	$	12,947

(5) The amounts of defined benefit costs related to defined benefit plan recognized in the statements of comprehensive are listed as follows：

Item	2021		2020	
Current service cost	$	－	$	－
Interest expense of define benefit obligations		475		956
Loss (gain) on repayments	(	2,406)	(	2,383)
Interest income from plan	(	55)	(	112)
Recorded in loss (gain)	($	1,986)	($	1,539)

Item	2021		2020	
Remeasurements：				
Effect of change in demographic assumptions	$	423	$	1
Effect of change in financial assumptions	(	4,414)		5,548
Experience adjustments		4,605	(	4,422)
Return on plan assets in addition to net interest	(	176)	(	538)
Recognized in other comprehensive loss (income)	$	438	$	589

(6) The above net amounts of pension costs under defined benefit plan recognized in profit or loss are shown by function as below：

Item	2021	2020
Operating cost	($ 1,733)	($ 1,301)
Operating expense		
Sales expense	(66)	(72)
Administration expense	(150)	(141)
R&D expense	(37)	(25)
Subtotal	(253)	(238)
Total	($ 1,986)	($ 1,539)

(7) The Company's defined pension plan fund is managed by Bank of Taiwan within the ratio and amount limits of management items regulated according to the fund's annual investment plan and in according with the items listed in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (that is, "Deposit in domestic or foreign financial institutions", "Investment in domestic or foreign listed, over-the-counter, or private placement equity securities" , "Investment in domestic or foreign real estate and its securitization products", etc.). The management of the fund is subjected to supervision by the Labor Pension Fund Supervisory Committee. The annual return distribution of the fund cannot be lower than the return from a 2-year time deposit in the local bank. If there is deficiency, the difference should be made up by the government. Since the Company does not have the right to participate in the management of the fund, the Company is unable to disclose the fair-value classification of the plan assets according to Paragraph 142 of IAS 19. For fair value of the constituents of the total plan assets as of December 31, 2021 and 2020, please refer to the labor pension fund management reports published by the government for the respective years.

(8) The present value of the Company's defined benefit obligation was computed by qualified actuary. The main actuarial assumptions used were as follows：

Item	2021	2020
Discount rate	0.70%	0.40%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	12 years	12 years

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(9) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks：

A. Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

B. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(10) Reasonably possible changes at December 31, 2021 and 2020 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below：

Item	Discount rate		Future salary increase rate	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
December 31, 2021				
Effects to present value of defined benefit obligation	($ 3,207)	$ 3,345	$ 3,293	($ 3,175)
December 31, 2020				
Effects to present value of defined benefit obligation	($ 3,729)	$ 3,895	$ 3,823	($ 3,681)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In addition, in the aforementioned sensitivity analysis, the present value of the defined benefit obligation by the end of reporting period was computed using the Projected Unit Credit Method, which uses the same measurement basis adopted the defined benefit liability listed in the balance sheet. The methods and assumptions used for preparing the sensitivity analysis in this period are the same as those of prior period.

(11) The contribution that the Company expects to make to its defined benefit pension plans and payment in next year 2022 are $2,565 thousand and $1,237 thousand, respectively.

2. Defined contribution plans

(1) The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan applicable to employees holding R.O.C. citizenship. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee’s salary or wage to employees’ pension accounts. The

employees' pensions, according to their respective pension accounts and accumulated profit amount, will be paid in a lump sum amount or paid monthly. That is, no addition statutory or presumed obligation to make additional payment.

(2) According to the above defined contribution plan, the Company had recorded $31,256 thousand and $31,880 thousand of pension expense in 2021 and 2020, respectively ; As of December 31, 2021 and 2020, according to the above defined contribution plan, the Company had recognized $5,395 thousand and $5,134 thousand of net defined benefit liability, respectively.

(3) The above amounts of pension costs under defined contribution plan recognized in profit or loss are shown by function as below：

Item	2021	2020
Operating cost	$ 26, 275	$ 26, 862
Operating expense		
Sales expense	1, 649	1, 611
Administration expense	2, 088	2, 051
R&D expense	1, 244	1, 356
Subtotal	4, 981	5, 018
Total	$ 31, 256	$ 31, 880

(4) In 2021 and 2020, According to the defined contribution plan, the Company recognized $103 thousand and $98 thousand, respectively, of pension cost for expatriate employees, which was booked as other gains and losses.

6.24 Guarantee deposits received

Item	December 31, 2021	December 31, 2020
Rental deposits – rent out	$ 22, 614	$ 22, 614
Others	550	550
Total	$ 23, 164	$ 23, 164

6.25 Share capital

Item	December 31, 2021	December 31, 2020
Authorized number of shares (thousands of shares)	800, 000	800, 000
Authorized capital	$ 8, 000, 000	$ 8, 000, 000
Issued shares with proceeds fully received (thousands of shares)	531, 688	550, 001
Raised capital	$ 5, 316, 884	$ 5, 500, 014

1. The par value of each issued common stock is NT$10, each share has 1 voting right and right of receiving dividend.
2. The main reason for the change in the Company's capital in this period was due to cancellation of treasury shares, please refer to Note 6.29-2 ~ 4 for details.

6.26 Capital surplus

Item	December 31, 2021		December 31, 2020	
Additional paid-in capital	$	210,318	$	316,656
Surplus from treasury stock transactions		188,021		175,460
Uncollected overdue dividends by shareholders		496		41
Total	$	398,835	$	492,157

According to the Company Act, in addition to offsetting against accumulated loss, when a company does not have accumulated loss, the capital surplus from additional paid-in capital in excess of par during stock issuance and from gifts received may be distributed to shareholders in form of new shares or cash according to their respective shareholding ratios. And according to the Securities and Exchange Act, when reinvest the above capital surplus as additional capital, the total amount is limited to 10% of the received capital. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. In addition, regarding uncollected overdue dividends, since such capital surplus are different from the capital surplus as defined in Article 239 of Company Act in nature, they shall not be used for any purpose.

6.27 Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
2. The Company's dividend policy is as following：

The Company shall consider changes in business environment, considers future operating funds required from life cycles of various products and services and the effects of tax rules, in the goal of sustaining stable dividend distributions, dividends are distributed according to the set ratios under the corporate charter. After measuring the required funds in future years, profitability, financial structure, and dilution effects on shares, and other factors, the Board of Directors develops an appropriate ratio of dividends in cash and in stocks and submits for approval at the shareholders' meeting. The Company would distribute cash dividends as priority. If there are major investment plans or needs for improving financial structure, part of dividends would be distributed in stocks. In order to avoid over-inflation of share capital and affect the level of dividend distribution in future years, 0%~60% of the Company's distributable current-year earnings are appropriated as dividends.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.
4. Upon earnings distribution, in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021 and regulations under "Q&A on Recording Special Reserve After Adopting IFRSs", the Company shall set aside or reverse special reserve. When the net deduction item on other equity later is reversed, the reversed amount could be included in the distributable earnings.
5. The appropriations of 2020 and 2019 earnings have been approved by the shareholders in its meetings on July 23, 2021 and June 22, 2020, respectively. The appropriations and dividends per share were as follows：

Distribution item	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Record legal reserve	$ −	$ −	−	−
Record (reverse) special reserve	−	−	−	−
Cash dividends	53,169	−	$ 0.10	$ −
Stock dividends	−	−	−	−

In addition, on July 23, 2021, the shareholders' annual meeting passed a resolution to distribute cash from additional paid-in capital – common share premium (NT$0.2 per common share), totaled NT$106,338 thousand.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6. The appropriation of earnings for 2021 had been proposed by the Board of Directors on March 11, 2022 (not yet been approved by the shareholders' meeting), which planned distribute cash dividend of NT$0.8 per share, totaled $425,351 thousand of cash dividend.

6.28 Other equity item

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2021	($ 219)	$ 26,357	$ 26,138
Directly Recognized as other equity adjustment items	−	33,810	33,810

Transferred to profit or loss item	－	－	－
Transferred to retained earnings	－	－	－
Shares Recognized under equity method	(51)	－	(51)
Income tax related to other equity items	－	－	－
Balance, December 31, 2021	($ 270)	$ 60,167	$ 59,897

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2020	($ 654)	$ 14,109	$ 13,455
Directly Recognized as other equity adjustment items	－	12,248	12,248
Transferred to profit or loss item	－	－	－
Transferred to retained earnings	－	－	－
Shares Recognized under equity method	435	－	435
Income tax related to other equity items	－	－	－
Balance, December 31, 2020	($ 219)	$ 26,357	$ 26,138

6.29 Treasury shares

1. Reason for redemption of shares and the changes are summarized as following：

January 1 to December 31, 2021

Reason for redemption	Beginning balance		Increase in this period		Decrease in this period		Ending balance	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Maintain company credit and shareholders' rights	17,305	$ 160,576	1,008	$ 9,993	18,313	$ 170,569	－	$ －

January 1 to December 31, 2020

Reason for redemption	Beginning balance		Increase in this period		Decrease in this period		Ending balance	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Maintain company credit and shareholders' rights	－	$ －	79,067	$ 646,436	61,762	$ 485,860	17,305	$ 160,576

2. On March 20, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from March 23, 2020 to May 22, 2020, the Company would buy back 60,000 thousand shares of the Company at NT$3.41～NT$10.05 from the stock exchange market. In order to balance the market trading mechanism and secure the overall shareholders' rights, the treasury shares were bought back in separate batches depending on changes in prices trading volume of the shares. Considering that, during the buy-back period, the stock prices had been stabilized, and the daily trading volume is not high, the buy-back plan was not fully carried out, only 33,763 thousand shares were bought back from the stock exchange

market, with buy-back cost totaled $239,692 thousand. The Company set June 24, 2020 as the base date for capital reduction, cancelled the purchased treasury shares (totaled 33,763 thousand of common shares, with par value of NT$10 per share and $337,630 thousand in total), with the related business registrations completed. Upon cancellation of the treasury shares, the difference of carrying value of the treasury shares over the par value of the cancelled shares, which totaled $97,938 thousand, was recorded as Capital surplus – premium on treasury-share transactions.

3. On August 18, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from August 19, 2020 to October 18, 2020, the Company would buy back 40,000 thousand shares of the Company at NT$5.24～NT$10.72 from the stock exchange market. In order to balance the market trading mechanism and secure the overall shareholders' rights, the treasury shares were bought back in separate batches depending on changes in prices trading volume of the shares. Considering that, during the buy-back period, the stock prices had been stabilized, and the daily trading volume is not high, the buy-back plan was not fully carried out, only 27,999 thousand shares were bought back from the stock exchange market, with buy-back cost totaled $246,168 thousand. The Company set October 29, 2020 as the base date for capital reduction, cancelled the purchased treasury shares (totaled 27,999 thousand of common shares, with par value of NT$10 per share and $279,990 thousand in total), with the related business registrations completed. Upon cancellation of the treasury shares, the difference of carrying value of the treasury shares over the par value of the cancelled shares, which totaled $33,822 thousand, was recorded as Capital surplus – premium on treasury-share transactions.
4. On November 13, 2020, the Board of Directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from November 16, 2020 to January 12, 2021, the Company would buy back 30,000 thousand shares of the Company at NT$6.04～NT$12.52 from the stock exchange market. As of December 31, 2021, 17,305 thousand treasury shares were bought back, with buy-back cost totaled $160,576 thousand. In order to balance the market trading mechanism and secure the overall shareholders' rights, the treasury shares were bought back in separate batches depending on changes in prices trading volume of the shares. Considering that, during the buy-back period, the stock prices had been stabilized, and the daily trading volume is not high, the buy-back plan was not fully carried out, only 18,313 thousand shares were bought back from the stock exchange market, with buy-back cost totaled $170,569 thousand. The Company set January 20, 2021 as the base date for capital reduction, cancelled the purchased treasury shares (totaled

18,313 thousand of common shares, with par value of NT$10 per share and $183,130 thousand in total), with the related business registrations completed. Upon cancellation of the treasury shares, the difference of carrying value of the treasury shares over the par value of the cancelled shares, which totaled $12,561 thousand, was recorded as Capital surplus – premium on treasury-share transactions.

5. According to Securities and Exchange Act, the Company shall not buy back more than 10% of its total outstanding shares ; The total dollar amount of buy-back shares shall not exceed the summary of retained earnings, additional paid-in capital in excess of par and realized capital surplus. The Company used the Board of Director resolution date and met the regulations under Securities and Exchange Act.
6. According to Securities and Exchange Act, the purchased shares due to maintaining the Company's credit and the shareholders' rights shall be cancelled and registration filed within 6 months.
7. According to Securities and Exchange Act, the Company's held treasury shares shall not be pledged or entitled to receive dividends or voting rights, etc.

6.30 Operating revenue

Item	2021	2020
Revenue from contracts with customers		
Sales revenue	$ 11,168,303	$ 7,623,117
Service revenue	34,669	25,970
Net amount	$ 11,202,972	$ 7,649,087

1. Breakdown of revenue from contracts with customers

The Company's revenue comes from transfer of goods or services at certain points of time. The revenue can be broken down into the following major types of goods and services：

Major types of goods and services	2021	2020
Sales revenue		
Textured Yarn	$ 3, 576, 646	$ 2, 590, 979
Polyester Yarn	11, 644	27, 065
Nylon fiber	1, 690, 481	1, 284, 970
Nylon grains	5, 129, 339	3, 122, 199
Composite materials	758, 163	597, 418
Trading of raw materials	2, 030	486
Subtotal	11, 168, 303	7, 623, 117
Service revenue		
Revenue from outsourced manufacturing	34, 669	25, 970
Subtotal	34, 669	25, 970
Total	$ 11, 202, 972	$ 7, 649, 087

2. Contract balance

The contractual assets and liabilities for the recorded revenue from contracts with customers are as following：

Item	2021	2020
Contractual assets：None		
Contractual liabilities - current		
Sale of goods	$ 54, 356	$ 79, 767

(1) Material changes in contractual assets and liabilities

Changes in contract liabilities mainly come from timing difference when the contractual obligations are fulfilled and when the customers make the payment. As of December 31, 2021, the balance of contract liabilities decreased compared to last year mainly because the prices of raw materials and products were at low level, and the customers held purchases due to development of COVID-19 pandemic, which lead to decrease in the related contract liabilities from advance receipts from customers.

(2) Beginning contractual liabilities that are recorded as revenue in this period：

Item	2021	2020
Beginning balance of contractual		
Sale of goods	$ 75, 291	$ 77, 375

(3) Fulfilled contractual obligations in the previous period but with the related revenue recorded in this period

In 2021 and 2020, the Company did not have contractual obligations that were fulfilled (or partly fulfilled) in the previous period. Nor there was any adjustment made to the recorded current-period revenue due to changes in the transaction prices or restrictions in recording variable consideration.

(4) Unfulfilled contracts with customers

As of December 31, 2021 and 2020, the Company does not have any unfulfilled sales contracts with customers, the expected remaining periods for the existing contracts are within one year and are expected to be fulfilled and recognized as revenue within one year.

3. Assets related to contractual costs：None

6.31 Interest income

Item	2021	2020
Interest on bank deposits	$ 16	$ 38

6.32 Other income

Item	2021	2020
Dividends income	$ 37, 059	$ 22, 806
Rental income	74, 751	75, 327
Subsidy income	98	150, 018
Income from scrap sales	14, 374	10, 089
Income from sample sales	3, 522	3, 896
Income from recovery of packaging materials	2, 604	2, 859
Income from sale of renewable energy	14, 796	5, 553
Net income from water testing	5, 799	5, 398
Others	2, 083	3, 340
Total	$ 155, 086	$ 279, 286

6.33 Other gains and losses

Item	2021	2020
Net gains (losses) on financial liabilities at FVTPL	$ 62,183	$ 70,570
Gains (losses) on disposal of property, plant and equipment	(33)	(1,145)
Loss on disposal of investments	190,076	(55,646)
Net non-financial foreign currency exchange gains (losses)	(10,347)	(13,201)
Direct operating expenses of investment properties	(12,503)	(18,745)
Expatriate employee benefits	(2,317)	(2,067)
Depreciation of renewable energy	(4,126)	(1,695)
Gains from lease amendment	–	39
Others	(304)	(695)
Total	$ 222,629	($ 22,585)

6.34 Financial cost

Item	2021	2020
Interest expense		
Interest on borrowing from financial institutions	$ 12,194	$ 9,927
Imputed interest on deposits	92	126
Interest on lease liabilities	1,105	1,122
Other	513	188
Subtotal	13,904	11,363
Fees related to issuing CP	1,091	504
Net financial foreign currency exchange (gains) losses	4,149	(275)
Less：Capitalized amount	–	–
Total	$ 19,144	$ 11,592

6.35 Employee benefits, depreciation and amortization expense

By nature	2021 Operating costs	2021 Operating expenses	2021 Total	2020 Operating costs	2020 Operating expenses	2020 Total
Employee benefits						
Salary	$ 714,449	$ 153,702	$ 868,151	$ 650,812	$ 108,033	$ 758,845
Labor and health insurance	64,496	12,458	76,954	62,867	10,675	73,542
Pension expense	24,542	4,728	29,270	25,561	4,780	30,341
Remuneration to directors	–	34,273	34,273	–	2,600	2,600
Other benefits	23,712	25,333	49,045	19,090	3,586	22,676
Depreciation (Note)	437,358	15,816	453,174	556,196	15,971	572,167
Amortization	25,417	1,720	27,137	25,547	2,472	28,019
Total	$1,289,974	$ 248,030	$1,538,004	$1,340,073	$ 148,117	$1,488,190

Note：The depreciation expenses for renewable energy equipment (recorded in property, plant and equipment) in 2021 and 2020 were $4,126 thousand and $1,695, respectively, and recorded as non-operating income and expenses – other ; The depreciation expenses of investment properties in 2021 and 2020 were $5,146 thousand and $11,552 thousand, respectively, and recorded as non-operating income and expenses – other (direct operating expenses for investment properties).

1. As of December 31, 2021 and 2020, the number of employees of the Company is 1,244 and 1,323, respectively, including average 6 directors who are not hired as employees for both years, with counting basis consistent with that of employee benefits.
2. In 2021 and 2020, the Company's average employee benefit expenses were $827 thousand and $672 thousand, respectively；the average employee salary expenses were $701 thousand and $576 thousand, respectively, and the adjustment and changes on the average employee salary expenses were 21.70% and (0.69%), respectively.
3. The Company has established an Audit Committee according to the ROC Securities and Exchange Act, which is composed of all independent directors to replace supervisors. Therefore, there is no compensation to supervisors.
4. The Company's payroll compensation policies (including directors, managers and employees)：

(1) Relationships among the payment policy, standards and structure for directors' remuneration, business performance and future risks of the Company：

A. According to the Company's corporate charter：Remunerations to the chairman and directors are determined based on their degree of involvement in the

Company's business operations, duties assumed, while referencing to the peer standards in the industry and the Company's payroll evaluation regulations.

B. According to Article 26 of the Company's corporate charter：If the Company has profit in a year (that is, profit before deducting income tax, compensation to employees and directors' remuneration), the Company shall allocate not higher than 3% of annual profits as directors' and supervisors' remuneration. The remuneration plan is then proposed by the Remuneration Committee, passed by the Board of Directors, and proposed to the shareholders' meeting.

(2) Relationships among the payment policy, standards and structure for payments to the general manager and deputy general manager(s), business performance and future risks of the Company：

The compensation payable to the Company's general manager and deputy general manager(s) are determined according to their individual performances and the overall contribution to the Company's operations and by referencing to peer standards in the industry. In addition, the Company's future operating risks are considered and, based on the Company's payroll evaluation regulations, the remuneration plan is proposed by the Remuneration Committee and passed by the Board of Directors.

(3) Relationships among the payment policy, standards and structure for payments to employees, business performance and future risks of the Company：

A. According to the related payroll payment regulations, compensation to the Company's employees are determined based on the individual performances, contribution to the Company's overall operation goals and by referencing to peer standards in the industry. In addition, the Company's future operating risks, opportunities for various career developments are considered and via open and transparent promotion mechanism, higher posts or salary compensation are offered to bring the origination toward positive development and mutual growth.

B. According to Article 26 of the Company's corporate charter：If the Company has profit in a year (that is, profit before deducting income tax, compensation to employees and directors' remuneration), the Company shall first allocate 2% of annual profits as employees' compensation. The remuneration plan is then passed by the Board of Directors, and proposed to the shareholders' meeting.

5. In accordance to the Company's corporate charter, if the Company has profit in a year, it shall first appropriate 2% as employees' compensation and allocate not higher than 3% as directors' and supervisors' remuneration. But if the Company still has accumulated losses, the profit shall first used to offset losses.

6. Regarding estimation of the payable compensation to employees, directors and supervisors, based on profitability in the current year, along with considerations on the expected distribution amount, the upper and lower percentage limits under corporate charter and other factors, the Company’s management estimates the compensation according to the current-period profit amount before deducting income tax, compensation to employees and directors’ remuneration. For 2021, the Company estimates NT21,149 thousand of compensation to employees and NT$31,723 thousand of directors’ and supervisors’ remuneration. For 2020, since the Company had net loss before tax, therefore, no compensation to employees or to directors’ and supervisors’ remuneration were estimated. However, before the issuance date of these financial statements and after resolution by the Board of Directors, if there is material change in the distribution amount, the change would be adjusted in the current-year expense；If subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the next year.
7. On March 11, 2022 and March 26, 2021, the Company’s Board of Directors had passed resolution to distribute NT$21,149 thousand and 0 of compensation to employees for 2021 and 2020, respectively ; NT$31,723 thousand and 0 of remuneration to directors and supervisors for 2021 and 2020, respectively. The aforementioned distribution amounts are not different from those estimated in 2021 and 2020 financial statements, and the compensation and remuneration will be distributed in cash.
8. Information on employees’ compensation and remuneration for directors and supervisors of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System at the website of the TWSE.

6.36 Changes in liabilities from financing activities

Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
Balance, January 1, 2021	$ 710,000	$ 449,934	$ 79,525	$ 23,164
Net changes in financing cash flows	550,000	50,000	(12,479)	–
Noncash changes – lease addition/remeasurement	–	–	8,914	–
Noncash changes – lease disposal/write-offs	–	(89)	–	–
Balance, December 31, 2021	$ 1,260,000	$ 499,845	$ 75,960	$ 23,164

Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
Balance, January 1, 2021	$ 1,184,000	$ –	$ 98,117	$ 23,664
Net changes in financing cash flows	(474,000)	450,000	(12,261)	(500)
Noncash changes – lease addition/remeasurement	–	–	(525)	–
Noncash changes – lease disposal/write-offs	–	–	(5,806)	–
Noncash changes - note discounts	–	(66)	–	–
Balance, December 31, 2021	$ 710,000	$ 449,934	$ 79,525	$ 23,164

6.37 Income tax

1. Components of income tax expense:

(1) Income tax expense recognized in profit or loss

Item	2021	2020
Current income tax	$ 31,505	$ –
Deferred income tax expense (benefit)		
Initial occurrence and reversals of temporarily differences	52,986	2,981
Net (increase) decrease in deferred income tax	52,986	2,981
Adjustments in respect of prior years	–	2,042
Income tax expense (benefit) recognized in profit or loss	$ 84,491	$ 5,023

(2) Income tax expense recognized in other comprehensive income：

Item	2021	2020
Deferred income tax		
Re-measurement of defined benefit plan	($ 88)	($ 118)
Income tax expense (benefit) recognized in other comprehensive income	($ 88)	($ 118)

2. Reconciliation between accounting profit and income tax expense recorded in profit or loss：

Item	2021	2020
Income (loss) before tax for continuing operations	$ 1,004,568	($ 35,092)
Income tax expense (benefit) at the statutory tax rate	200,914	(7,019)
Income tax effects from adjustment items：		
Items excluded when determining taxable income	(44,994)	(36,058)
Additional tax under minimum tax system	4,013	-
Additional income tax on unappropriated earnings	-	-
Operating loss carryforward generated	-	43,077
Operating loss carryforward used	(119,220)	-
Investment deduction utilized	(9,208)	-
Income tax payable in the current period	31,505	-
Net (increase) decrease in deferred income tax	52,986	2,981
Income tax adjustments for prior years	-	2,042
Income tax expense (benefit) recorded in profit or loss	$ 84,491	$ 5,023

The applicable income tax rate for the Company in 2021 was 20%.

3. Income tax assets (liabilities)

Item	December 31, 2021	December 31, 2020
Income tax assets in the current period		
Prepaid income tax	$ 4	$ 9
Income tax liabilities in the current period		
Income tax expense payable for the current period	$ 31,505	$ -
Less：Offset by prepaid income tax	(2)	-
Total	$ 31,503	$ -

4. Balance of deferred income tax assets (liabilities)

Item	2021 January 1	2021 Profit or loss	2021 Other comprehensive income	2021 December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 13,868	$ 9,870	$ -	$ 23,738
Unrealized exchange loss	364	(361)	-	3
Accrued vacation pays	4,914	200	-	5,114
Defined benefit obligation plan	21,283	(1,694)	88	19,677
Different treatments on depreciation between financial and tax	22,718	4,210	-	26,928
Impairment loss on tangible assets	435	-	-	435
Operating loss carryover (Note)	65,211	(65,211)	-	-
Total	$ 128,793	(52,986)	88	$ 75,895
Deferred tax liabilities				
Reserve for Land Value Increment Tax	$ 137,395	$ -	$ -	$ 137,395
Total	$ 137,395	-	-	$ 137,395
Net increase (decrease)		($ 52,986)	$ 88	

Item	2020 January 1	Profit or loss	Other comprehensive income	December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 32,139	($ 18,271)	$ －	$ 13,868
Unrealized exchange loss	1,580	(1,216)	－	364
Accrued vacation pays	5,032	(118)	－	4,914
Defined benefit obligation plan	22,797	(1,632)	118	21,283
Different treatments on depreciation between financial and tax	4,378	18,340	－	22,718
Impairment loss on tangible assets	435	－	－	435
Operating loss carryover (Note)	65,295	(84)	－	65,211
Total	$ 131,656	(2,981)	118	$ 128,793
Deferred tax liabilities				
Reserve for Land Value Increment Tax	$ 137,395	$ －	$ －	$ 137,395
Total	$ 137,395	－	－	$ 137,395
Net increase (decrease)		($ 2,981)	$ 118	

Note：Operating loss carryover recorded in profit or loss is the amount generated/used in the current period, adjustments on changes in estimates from prior years and newly added/reversed deferred income tax assets that are not recorded, etc.

5. Deferred income tax assets of the Company that were not recorded and not quite likely to realize

Item	December 31, 2021	December 31, 2020
Deferred income tax assets		
Operating loss carryover	$ －	$ 54,640

6. Unrecognized deferred tax liabilities related to investments

The temporary differences related to the Company’s investments are not recognized because the Company can control timing to reverse those temporary differences, and it is very likely that those temporary differences would not be reversed in foreseeable future. Therefore, no deferred income tax liability was recorded. As of December 31, 2021 and 2020, the un-recognized taxable temporary differences related to investments were $1,753 thousand and $1,536, respectively.

7. The Company’s income tax returns through 2019 had been assessed and approved by the Tax Authority.

8. Since 2021 earnings distribution condition is still uncertain, therefore, additional income tax on 2021 undistributed earnings could not be reliabily determined.

6.38 Earnings per share

The Company's basic earnings per share is computed using the current-period net income (loss), divided by the weighted average number of outstanding common shares；The new shares from capital increases from un-distributed earnings or capital surplus are retrospectively computed.

If the Company may choose to distribute employees compensation with either stocks or cash, then the diluted earnings per share, assuming the compensation is distributed in stocks, is computed using the potential additional shares which would dilute the weighted average number of outstanding common shares. When determining the number of shares issued for employees compensation in the next year, the potential dilution effects are continuously considered.

	2021			2020		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)
Basic earnings (loss) per share：						
Net income (loss)	$ 920,077	531,718	$ 1.73	($ 40,115)	577,795	($ 0.07)
Dilution effects from potential common shares						
Compensation to employees	-	1,286				
Diluted earnings per share：						
Net income attributed to common shareholders						
Effects from potential common shares	$ 920,077	533,004	$ 1.73			

7. Related Party Transactions

1. Parent company and the ultimate controlling party

The Company is itself the ultimate controlling party.

2. Name of related party and relationship

Name of related party	Relationship with the Company
Yen Hsing Textile Co., Ltd.	Company that key management has significant influence
ZIS Holding Co., Ltd.	Subsidiary of the Company
Nicest Int'L Trading Corp.	Subsidiary of the Company
Ding Sheng Material Technology Corporation Limited	Subsidiary of the Company
Suzhou Hongsheng Trading Co., Ltd.	Subsidiary of the Company
Ding Sheng Material Technology Corporation	Subsidiary of the Company
Su, Liao Hsiu Chin and 2 other individuals	Substantial related party
All directors, general manager and vice general managers	Key management

3. Significant transactions with related parties

1. Operating revenue

Related party category	2021	2020
Company that key management has significant influence	$ 265,355	$ 240,853
Subsidiary	80,924	77,272
Total	$ 346,279	$ 318,125

The transaction prices and sales terms of goods sold to the Company's related parties are similar to those of ordinary non-related parties.

2. Purchases

Related party category	2021	2020
Company that key management has significant influence	$ 1,083	$ 1,437
Subsidiary	76	70
Total	$ 1,159	$ 1,507

The transaction prices and purchase terms of goods purchased from the Company's related parties are similar to those of ordinary non-related parties.

3. Lease agreement (lessee)

(1) Right-of-use assets

Related party category	December 31, 2021	December 31, 2020
Su, Liao Hsiu Chin and 2 other individuals	$ 35,479	$ 33,284

(2) Lease liabilities－current

Related party category	December 31, 2021		December 31, 2020	
Su, Liao Hsiu Chin and 2 other individuals	$	2,784	$	2,382

(3) Lease liabilities－noncurrent

Related party category	December 31, 2021		December 31, 2020	
Su, Liao Hsiu Chin and 2 other individuals	$	33,363	$	31,360

(4) Interest expense

Related party category	2021		2020	
Su, Liao Hsiu Chin and 2 other individuals	$	552	$	512

(5) In 2021 and 2020, the total amount of rents that the Company had paid to Su, Liao Hsiu Chin and 2 other individuals were $3,298 thousand and $2,861 thousand, respectively.

(6) Lease contracts and the rents were determined based on mutual agreements according to the market prices, and post-dated notes were issued and cashed for the rents over to the lease period.

4. Lease agree (lessor)

Rental income

Lessee/Related party category	2021		2020	
Subsidiary	$	96	$	96

The above rental income is from the Company's lease of its office to its related party; the rent of the lease contract is computed and determined by both sides based on general market standard.

5. Claims and debts between the Company and the related parties (all interest free)：

(1) Notes receivable

Related party category	December 31, 2021		December 31, 2020	
Subsidiary	$	–	$	66

(2) Accounts receivable

Related party category	December 31, 2021		December 31, 2020	
Company that key management has significant influence	$	41,820	$	45,496
Subsidiary		36,179		33,673
Total	$	77,999	$	79,169

(3) Accounts payable

Related party category	December 31, 2021	December 31, 2020
Company that key management has significant influence	$ 82	$ 195

(4) Other payables

Related party category	December 31, 2021	December 31, 2020
Subsidiary	$ 70	$ 4

6. Others

Item	Related party category	2021	2020
Sale of defect products	Company that key management has significant influence	$ 697	$ 583
Sale of R&D samples	Subsidiary	4, 308	2, 544
Consigned management fees income	Subsidiary	7	10
Sales processing fees	Subsidiary	147	96
Purchase of leftover yarn and empty tubes	Company that key management has significant influence	1, 161	1, 392

4. Key management compensation

Item	2021	2020
Salaries and other short-term employee benefits	$ 87, 350	$ 30, 929
Termination benefits	–	–
Post-employment benefits	40	74
Other long-term benefits	–	–
Share-based payments	–	–
Total	$ 87, 390	$ 31, 003

8. Pledged Assets：None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

1. Endorsements and guarantees：None

2. Guarantee notes issued

As of December 31, 2021 and 2020, due to entering of comprehensive credit contracts, the Company had issued $800,000 thousand of guarantee notes to the financial institutions for both of the years.

3. Guarantee notes received

To ensure collectability for contracts signed, equipment warranty and guarantees for sales contracts, the Company received guarantee notes of $576,045 thousand and $562,548 thousand as of December 31, 2021 and 2020, respectively.

4. The unused letters of credit as of December 31, 2021 and 2020 are as follows：(Units：thousand dollars)

Date	Balances of issued yet unused letters of credit
December 31, 2021	NTD394,000、EUR609、USD14,694
December 31, 2020	NTD426,000、EUR559、USD9,274、JPY524,000

5. Capital expenditures committed but not yet paid as of December 31, 2021 and 2020 were NTD29,900 thousand, and NTD111, 387 thousand.

10. Significant Disaster Losses： None

11. Significant Subsequent Events：None.

12. Others

12.1 Explanation for seasonal or periodical interim operations

The Company's operations are not affected by seasonal or periodical factors.

12.2 Capital risk management

The Company conducts capital management to sustain a robust capital basis and, by maintaining the most appropriate balances of debts and equity, maximizes return to shareholders. By periodically reviewing and measuring the related costs, risks and rate of return, ensure good profit level and financial ratios. When necessary, via various financing ways, balance the overall capital structure to afford various capital expenditures, operating funds, repayment of debts and dividends, and other needs.

12.3 Financial instruments

1. Types of financial instruments

Financial assets	December 31, 2021	December 31, 2020
Financial assets measured at FVTPL		
Mandatorily measured at FVTPL	$ 916,107	$ 603,174
Financial assets measured at FVTOCI		
Investments in equity instruments	246,998	208,709
Financial assets measured at amortized cost		
Cash and cash equivalents	41,148	39,298
Notes and accounts receivable (including related parties)	1,631,061	1,261,661
Other receivables	7,511	27,521
Refundable deposits	23,330	24,799

Financial liabilities	December 31, 2021	December 31, 2020
Financial liabilities measured at FVTPL		
Mandatorily measured at FVTPL	1,526	–
Financial liabilities measured at amortized cost		
Short-term borrowings	1,260,000	710,000
Short-term notes payable	499,845	449,934
Notes and accounts payable (including related parties)	842,000	478,132
Other payables (including related parties)	408,789	303,655
Lease liabilities – current and noncurrent	75,960	79,525
Guarantee deposits received	23,164	23,164

2. Financial risk management policies

The Company's daily activities are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Company's overall risk management strategy focuses on identifying, assessment and avoiding uncertainties of markets in order to mitigate potential adverse effects on the Company's financial performance from market fluctuations.

The Company's material financial activities are reviewed and approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

3. Nature and degree of material financial risks

(1) Market Risk

The market risks of the Company are risks of fluctuations of fair value or cash flows from changes in market prices of financial instruments. Market risk includes foreign exchange risk, interest rate risk and price risk.

A. Foreign exchange risk

The Company engages in businesses that involve several non-functional currencies (the functional currency of the Company is New Taiwan Dollars), therefore, the Company is affected by fluctuations in exchange rates. The foreign-currency assets and liabilities subjected to significant impacts from fluctuations in exchange rates are as following：

Item (Foreign currency：functional currency)	December 31, 2021			December 31, 2020		
	Amount in Foreign Currency	Exchange Rate of functional currency	In NTD	Amount in Foreign Currency	Exchange Rate of functional currency	In NTD
Financial assets						
Monetary items						
USD：NTD	$ 18,406	27.68	$ 509,478	$ 16,542	28.48	$ 471,116
CNY： NTD	4,234	4.3440	18,392	3,496	4.3770	15,302
Financial liabilities						
Monetary items						
USD：NTD	11,238	27.68	311,068	5,772	28.48	164,387

Note：Non-monetary assets in foreign currency measured at historical exchange rates on the transaction dates are not disclosed since those assets does not have significant impact on the Parent Company Only Financial Statements.

The Company's sensitivity analysis of foreign currency risk focuses on the major foreign monetary and non-monetary items on the reporting date and their foreign exchange effects on the Company's profit or loss and equity. When the foreign exchange rates appreciate/depreciate by 1%, the Company's net income in 2021 and 2020 would increase/decrease by $1,734 thousand and $2,576 thousand, respectively. 1% is the sensitivity ratio used for the Company's internal reporting on foreign exchange risks to key management, it also represents the management's assessment on the reasonable range of potential changes in foreign exchange rates.

The unrealized net exchange gain (loss) arising from significant foreign exchange movement on the monetary items held by the Company for 2021 and 2020 amounted to $15 thousand and $1,819 thousand, respectively. Due to complexity and large volume of transaction in foreign currencies, the unrealized exchange gain (loss) is expressed in summarized amounts.

B. Interest rate risk

Interest rate risk is the risk of fluctuations in fair value of financial instruments or in future cash flows due to changes in market interest rates. The Company's interest rate risk mainly comes from borrowings with floating interest rates. However, part of the risks are offset by the held cash and cash equivalents with floating interest rates. Since the Company regularly assess the trend of change in interest rates and would make timely responses, material risk from changes in market interest rates is not expected to occur. If the borrowing interest rate is increased/decreased by 10 basis points, given other factors remain constant, the Company's net income will decrease/increase by $1,284 thousand and $993 thousand for 2021 and 2020, respectively.

C. Price risk

The Company is exposed to the price risk of equity instruments since the investments held by the Company are classified either as financial assets measured at FVTPL or at FVTOCI. In order to manage the price risk of equity instruments, the Company diversifies its investment portfolios, with the diversification methods based on the limits set by the Company. The prices of financial assets measured at FVTPL or at FVTOCI invested by the Company would be affected by uncertainties of future value of the investment targets. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, the after-tax profit for 2021 and 2020 would have increased/decreased by $9,146 thousand and $6,032 thousand, respectively； Equity would have increased/decreased by $2,470 thousand and $2,087, respectively.

(2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities (primarily accounts and notes receivables) and from financing activities (primarily bank deposits and various financial instruments). Business-related credit risk and financial credit-related risks are managed separately.

A. Business-related credit risk：

In order to manage credit risk of customers, the business units follow the Company’s policies and procedures for customer credit risk. Credit-risk evaluation for all customers is performed by overall consideration on the customer’s financial condition, ratings made by credit organizations, historical transaction experience, present economic conditions, the Company’s internal rating standards and other factors. In addition, the Company may also use credit enhancement tools (such as advance sales receipts) in proper time to lower credit risks of certain customers.

B. Financial credit risk：

The Company 's finance department manages credit risks of bank deposits and other financial instruments according to company policies. Since the Company’s transaction counterparties are determined by internal control procedures and are creditworthy banks and investment grade or higher-level financial institutions, company organizations, etc. which do not have significant risk of contract default, therefore, there is no significant financial credit risk.

C. Credit risk information for receivables

The Company adopts the presumptions under IFRS 9. When an account is overdue over 30 days based on the agreed contractual payment terms, the credit risk of the financial asset is considered to have significantly increased after initial recognition；When overdue over 365 days based on the agreed contractual payment terms, or when the debtor is unlikely to fulfill its credit obligation and fully pays to the Company, the Company regards default has occurred to the financial asset.

In order to reduce credit risks, the management of the Company has designated a dedicated team responsible for determining the credit line, credit approval, and other supervision procedures, to ensure appropriate actions have been made to recover the overdue accounts. Besides, on each balance sheet date, the Company had reviewed the recoverable amount for each account to ensure that appropriate impairment loss had been recorded. For aging analysis and loss allowance of accounts receivable, please refer to illustrations in Note 6.3 and 6.4.

The Company’s major credit risks are centered on the top 10 customers of the Company. As of December 31, 2021 and 2020, the above customers account for 39.02% and 45.90% of the Company’s total accounts receivables (including related parties), respectively.

D. Exposure to credit risk

The Company conducts business with financial intuitions with good credit, and the Company diversifies the credit risk by doing business with several financial institutions, therefore, the expected rate of default is quite low；The Company makes sales only to approved third parties with good credit, granting credit lines according to established procedures, continue to understand the credit condition of the customers, periodically assess the possibility of recovering the accounts and recognize sufficient loss allowance. The management considers that the credit risk of the Company's receivables is not overly centered. Therefore, the maximum exposure amounts of the Company's cash and cash equivalent, receivables, and other financial assets as of the balance sheet date are the same as their book value.

	December 31, 2021		December 31, 2020	
Financial instruments	Carrying amount	Maximum amount exposed to credit risk	Carrying amount	Maximum amount exposed to credit risk
Cash and cash equivalents	$ 41,148	$ 41,148	$ 39,298	$ 39,298
Notes receivable (including related parties)	269,770	269,770	221,033	221,033
Accounts receivable (including related parties)	1,361,291	1,361,291	1,040,628	1,040,628
Other receivables	7,511	7,511	27,521	27,521

(3) Liquidity risk

Liquidity risk refers to risk of unable to liquidate by the expected time. The Company manages funds, achieves objectives of utilizing funds flexibly and maintaining funds mainly through borrowing from financial institutions, cash and cash equivalents and other tools, etc. The capital of the Company and operating funds are sufficient to fulfill all contractual obligations, therefore, there is no liquidity risk due to unable to acquire sufficient fund to fulfill contractual obligations.

The following schedule summarizes the Company's non-derivative financial liabilities and derivative financial liabilities traded based on net amount or gross amount, grouped according to the respective expiration dates and prepared according to the earliest possible requested repayment dates and the undiscounted cash flows. The Company does not expect significant early expiration or deviation of the actual cash flows. Regarding cash flows for interest payments that are subjected to floating interest rates, the undiscounted interest amounts are derived from the projected curve of yield rates on the balance sheet date. Therefore, the amounts of non-derivative financial liabilities subjected to floating interest rates would change due to the difference between the estimated interest rates on the balance sheet date and the actual floating rates. Regarding maturity analysis on lease liabilities, please refer to Note 6.12-2(2).

	December 31, 2021						
Item	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	$ 914,464	$ 351,240	$ -	$ -	$ -	$1,265,704	$1,260,000
Short-term notes payable	500,000	-	-	-	-	500,000	499,845
Notes payable	217,877	-	-	-	-	217,877	217,877
Accounts payable (including related parties)	624,123	-	-	-	-	624,123	624,123
Other payables (including related parties)	408,789	-	-	-	-	408,789	408,789
Derivative financial liabilities							
Foreign exchange forward contract：							
Outflows	1,526	-	-	-	-	1,526	1,526

	December 31, 2021						
Item	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	$ 711,921	$ -	$ -	$ -	$ -	$ 711,921	$ 710,000
Short-term notes and bills payable	450,000	-	-	-	-	450,000	449,934
Notes payable	106,683	-	-	-	-	106,683	106,683
Accounts payable (including related parties)	371,449	-	-	-	-	371,449	371,449
Other payables (including related parties)	303,655	-	-	-	-	303,655	303,655

12.4 Fair value information

1. Fair value levels：

Based on observable degrees, the valuation methods used to measure the fair value of financial and nonfinancial instruments may be classified into the following 1~3 levels：

Level 1：Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2：Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. inferred from price).

Level 3：Refers to valuation methods that derive fair value of assets or liabilities based on input parameters from unobservable market data (unobservable parameters).

2. Financial instruments that are not measured at fair value

The book value of the Company's financial instruments that are not measured at fair value (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets – current, short-term borrowings, short-term notes payable, notes and accounts payable (including related parties), other payables (including related parties), etc.) approximates their fair value；The affect due to whether or not the expected cash flows from refundable deposits or guarantee deposits received are discounted is not material, therefore, their book value provides a reasonable basis for estimating their fair value.

3. Regarding the financial and non-financial instruments that are measured at fair value as of December 31, 2021 and 2020, the Company classifies the assets and liabilities based on their nature, characteristics, level of risks and fair value ：

	December 31, 2021			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets：				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	$ 916,083	$ –	$ –	$ 916,083
Derivative instruments – forward exchange contracts	–	24	–	24
Financial assets measured at FVTOCI – noncurrent				
Non-listed stocks and limited partnership	–	–	246,998	246,998
Total	$ 916,083	$ 24	$ 246,998	$1,163,105
Liabilities：				
Recurring fair value				
Financial liabilities at FVTPL - current				
Derivatives – foreign exchange swap contracts	$ –	$ 1,526	$ –	$ 1,526

	December 31, 2020			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets：				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	$ 602,967	$ –	$ –	$ 602,967
Derivative instruments – forward exchange contracts	–	207	–	207
Financial assets measured at FVTOCI – noncurrent				
Non-listed stocks	–	–	208,709	208,709
Total	$ 602,967	$ 207	$ 208,709	$ 811,883

4. The methods and assumptions used for measure fair values

The fair value of financial and non-financial instruments refers to the transaction amount with voluntary parties (not by force or by means of liquidation). The methods and assumptions used by the Company when estimating fair value of financial and non-financial instruments are as follows：

(1) Regarding financial instruments with standard terms and condition and are traded in active markets, their fair value are determined using the quoted prices in their respective markets. For, listed securities, the closing prices are used as fair value.

(2) Except for above financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the Parent Company Only balance sheet date. The Company adopts valuation methods and model that are widely accepted by market participants, the inputs used by such valuation model for financial instruments are generally observable market information, and the forward exchange contracts are generally valued at the forward exchange rates at the present time.

(3) Regarding financial instruments with higher complexity, the Company measures the fair value based the valuation methods and techniques widely used by peers in the same industry and self-developed valuation models. Part of the parameters used by such types of valuation models is not based on observable information in the market, and the Company has to make appropriate estimation-based assumptions. The fair value of the Company’s held non-listed stocks are estimated either by market approach or asset approach and valuations is made by referencing to similar companies, third-party quotes, net value of the companies, and operating conditions. The major material unobservable input value is liquidity discount. For the effects to the valuation for financial instruments from parameters that are not observable in the market, please refer illustrations in Note 12.4-10.

(4) The output of the valuation model is the computed approximate value, and the valuation technique may not be able to reflect all relevant factors of the Company’s held financial and non-financial instruments. Therefore, the estimated value of the valuation model would be properly adjusted based on additional parameters, such as model risk or liquidity risk. Based on the Company’s management policy for fair-value valuation model and the related controlling procedures, the valuation adjustments are appropriate and necessary. The price

information and parameters used during the valuation procedures are assessed carefully and are properly adjusted based the current market conditions.

(5) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

5. Transfer between Level 1 and Level 2 of the fair value hierarchy in 2021 and 2020：None

6. Changes in level 3 financial instruments for 2021 and 2020

Item	Non-derivative equity instruments – unlisted stocks	
	2021	2020
Beginning balance	$ 208,709	$ 199,011
Acquisition in this period	13,200	-
Disposition in this period	-	-
Funds returned from capital reduction in this period	(8,721)	(2,550)
Transfer into (out from) Level 3	-	-
Recognized in other comprehensive income	33,810	12,248
Ending balance	$ 246,998	$ 208,709

7. In 2021 and 2020, the Company did not have fair value transferred in or out from Level 3.

8. According to the Company's valuation procedures for Level 3 fair value classification, the Company's accounting department, along with outside professional appraisal institutions, share the work to independently verify the fair value of the financial instruments. The valuation works include using independent source data to make the valuation result close to the market condition and confirming independence and reliability of the data source, consistency with other resources, and representing execution price. The required input value and data are periodically updated, and any other necessary fair value adjustments are made to ensure reasonable valuation results.

9. Illustrations for quantified information of material unobservable input value and sensitivity analysis for changes in material unobservable input value for Level 3 fair value measurement items are as following：

Item	Fair value as of December 31, 2021		Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments：						
Un-listed stocks	$	195,389	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limted partnership		51,609	Asset approach	NA	NA	NA
Total	$	246,998				

Item	Fair value as of December 31, 2020		Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments：						
Un-listed stocks	$	164,215	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks		44,494	Asset approach	NA	NA	NA
Total	$	208,709				

10. After careful selection of valuation model and the parameters, the Company considers that the fair value measurements are reasonable. But when different valuation model or the parameters are used, the valuation results may be different. Regarding the financial assets and liabilities classified as Level 3, if there is change in the valuation parameters, then the affects to the current-period profit and other comprehensive income would be as following：

			2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
Item	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments：						
Un-listed stocks	Liquidation discount	+1%	$ -	$ -	$ -	($ 2,617)
		-1%	$ -	$ -	$ 2,617	$ -

			2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
Item	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments：						
Un-listed stocks	Liquidation discount	+1%	$ -	$ -	$ -	($ 2,186)
		-1%	$ -	$ -	$ 2,185	$ -

13. Supplementary disclosures

(1) Information on significant transactions, and (2) Information on investees

1. Loans to others： None;

2. Endorsements and guarantees provided to others： None;

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures)

Unit： Thousand shares/units (unless specified otherwise)：

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2021			
					Number of shares	Book value	Ownership (%)	Fair value
ZIG HENG INDUSTRIAL CO., LTD.	Stock	FORMOSA PLASTICS CORPORATION	—	Financial assets measured at FVTPL - current	592	$ 50,557	0.01	$ 50,557
		Formosa Chemicals And Fibre Corporation	—	Financial assets measured at FVTPL - current	200	16,160	-	16,160
		Shinkong Synthetic Fibers Corporation	—	Financial assets measured at FVTPL - current	599	12,099	0.04	12,099
		TAINAN SPINNING CO., LTD.	—	Financial assets measured at FVTPL - current	707	18,064	0.04	18,064
		YI JINN INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	6,610	129,225	2.19	129,225
		DE LICACY INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	3,565	55,978	0.93	55,978
		ECLAT TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	251	158,145	0.09	158,145
		NANTEX INDUSTRY CO., LTD.	—	Financial assets measured at FVTPL - current	700	59,640	0.14	59,640
		NANYA TECHNOLOGY CORPORATION	—	Financial assets measured at FVTPL - current	200	15,620	0.01	15,620
		EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	—	Financial assets measured at FVTPL - current	1,250	178,125	0.02	178,125
		YANG MING MARINE TRANSPORT CORPORATION	—	Financial assets measured at FVTPL - current	1,250	151,250	0.04	151,250
		CHINA AIRLINES LTD.	—	Financial assets measured at FVTPL - current	1,000	27,550	0.02	27,550
		WAN HAI LINES LTD.	—	Financial assets measured at FVTPL - current	220	43,670	0.01	43,670
		LILYENT CORP.	—	Financial assets measured at FVTOCI - non-current	2,881	70,330	4.01	70,330
		Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Financial assets measured at FVTOCI - non-current	8,732	98,058	13.99	98,058
		YI TONG FIBER CO., LTD	—	Financial assets measured at FVTOCI - non-current	1,341	25,379	1.52	25,379
		CHU SING INDUSTRIAL CO., LTD	—	Financial assets measured at FVTOCI - non-current	29	1,622	3.32	1,622
		Ability I Venture Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - non-current	1,423	12,450	3.00	12,450
		ABILITY ASIA CAPITAL CORP.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - non-current	2,000	23,640	1.04	23,640
	Limited partnership	Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	—	Financial assets measured at FVTOCI - non-current	-	15,519	-	15,519

4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital：

Bought/Sold by	Type and name of security	Recorded account	Transaction counterparty	Relationship	Beginning balance		Bought		Sold				Ending balance	
					Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Price	Carrying value	Disposal gain (loss)	Thousand shares	Amount
ZIG HENG INDUSTRIAL CO., LTD.	NANTEX INDUSTRY CO., LTD.	Financial assets measured at FVTPL - current	Stock exchange market	-	1,980	$120,978	2,100	$177,881 7,450 (note)	3,380	$343,902	$246,669	$97,233	700	$ 59,640

Note：Net gain from financial assets measured at FVTPL.

5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital： None ;

6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital： None ;

7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital：

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Zig Sheng Industrial Co., Ltd.	Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Sale	$265,355	2.37%	15 days after month closing	No significant difference	No significant difference	Accounts receivable $41,820	Accounts receivable 3.07%

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital： None;

9. Information about the derivative financial instruments transaction： Please see Note 6.2-3;

10. Name, location, etc. of investee companies over which the Company has direct or indirect influence, control or joint control (not including investments in Mainland China)

Unit：NTD thousand/USD thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note)	Footnote
				December 31, 2021	December 31, 2020	Number of Shares (thousand)	Percentage of Ownership	Carrying Value			
Zig Sheng Industrial Co., Ltd.	ZIS Holding Co., Ltd.	Mauritius	Make various investments outside of Taiwan area following the Parent company's operating policies	$185,020	$185,020	5,400	100%	–	–	–	Please refer to Note 6.9
	Nicest Int'L Trading Corp.	Samoa	Make various investments outside of Taiwan area following the Parent company's operating policies	8,883	8,883	300	100%	$17,648	$ 1,524	$ 1,625	Include $101 thousand net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view
	Ding Sheng Material Technology Corporation Limited	Taipei	Production of synthetic resin and industrial plastic products and related trading	$ 15,000	$ 15,000	1,500	100%	$ 3,561	($ 810)	($ 757)	Include $53 thousand net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	USA	General import/export trading	6,340	6,340	200	100%	(3,340)	(754)	(754)	

Note：Except for initial investment amounts measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

(3) Information on investment in Mainland China：

1.

Unit：NTD thousand/USD thousand

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment Method	Accumulated Outflow of Investment from Taiwan as of Beginning of Period	Investment Flows		Accumulated Outflow of Investment from Taiwan as of End of Period	Net Income (Losses) of the Investee	Ownership Held by the Company (direct or indirect) (%)	Investment Profits/Losses Recorded	Carrying Amount as of End of Period	Accumulated Inward Remittance of Earnings as of End of Period
					Outflow	Inflow						
Kunshan Lilytex Co., Ltd.	Warehouse rental business	USD24,782	Note (1)	$185,020 (USD5,400)	—	—	$185,020 (USD5,400)	($74,467)	21.79%	— Note (3)	0 Note (3)	-
Suzhou Hongsheng Trading Co., Ltd	Engage in wholesale, import/export, agency (excluding auctions) of plastic products, chemical products (except for hazardous items), synthetic fiber materials, products made by synthetic fibers, textile materials, mechanical and electric equipment and its parts and the related services, consulting services and maintenance/repair services for mechanical and electric equipment and its parts	USD300	Note (1)	8,883 (USD300)	—	—	8,883 (USD300)	1,524	100.00%	$1,524 Note (2)	$18,007 Note (2)	-

Accumulated Investment in Mainland China as of End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note (4))
$193,903 (USD5,700)	$193,903 (USD5,700)	$4,386,186

Note：

(1) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investment is approved by the government.

(2) Investments in the third area, the investment income or loss under equity method and ending carrying amounts are recognized according to the direct and indirect shareholding ratio and the financial statements of Mainland China investee companies

audited by the CPA of Parent company.

(3) Shareholding ratio does not reach 50%, without controlling power, and the Company does not endorse any debt or other financial commitment of the investee company. Therefore, the carrying amount under equity method only written down to zero.

(4) According to regulation by Investment Commission, MOEA, the accumulated investment amount or ratio in the investments in Mainland China is limited to 60% of the Company’s equity or consolidated equity, whichever is higher.

(5) Except for initial outbound investment measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

2. Material transactions with investee companies in Mainland China directly or indirectly through third area：

(1) Purchase amounts and percentage and the related ending balances accounts payable and percentage

A. For the year ended December 31, 2021：

Name of related party	Purchases		Accounts Payable	
	Amount	Percentage of the Company's total purchases	Amount	Percentage of the Company's total accounts payable
Suzhou Hongsheng Trading Co., Ltd.	$ 76	-	$ -	-

B. For the year ended December 31, 2020：

Name of related party	Purchases		Accounts Payable	
	Amount	Percentage of the Company's total purchases	Amount	Percentage of the Company's total accounts payable
Suzhou Hongsheng Trading Co., Ltd.	$ 70	–	$ –	–

C. The above purchase terms were made according to agreed prices, the payment terms is 90 days after month closing.

(2) Sales amounts and percentage and the related ending balances of accounts receivable and percentage

A. For the year ended December 31, 2021：

Name of related party	Sales revenue		Accounts receivable	
	Amount	Percentage of the Company's total sales	Amount	Percentage of the Company's total accounts receivable
Suzhou Hongsheng Trading Co., Ltd.	$55,557	0.50%	$18,390	1.35%

B. For the year ended December 31, 2020：

Name of related party	Sales revenue		Accounts receivable	
	Amount	Percentage of the Company's total sales	Amount	Percentage of the Company's total accounts receivable
Suzhou Hongsheng Trading Co., Ltd.	$54,655	0.71%	$15,300	1.47%

C. The above sales terms were made according to agreed prices, the collection terms is 90 days after month closing.

(3) Property transaction amounts and the gains or losses generated：None

(4) Balances of guaranteed notes or collaterals offered and their purposes：None

(5) The highest amount, ending balance, range of interest rates and total interest amount of financial accommodation：None

(6) Other transactions that have material effects on the current-period profit (loss) or on the financial position：

A. The Company paid $147 thousand and $51 thousand of business processing fees to Suzhou Hongsheng Trading Co., Ltd. in 2021 and 2020, respectively. The amounts are recorded in operating expense.

B. The Company sold R&D samples to Suzhou Hongsheng Trading Co., Ltd. for $4,172 thousand and $2,369 in 2021 and 2020, respectively. The amounts are recorded in non-operating income – other income.

C. The unrealized sales gains generated from the sales transactions between the Company and Suzhou Hongsheng Trading Co., Ltd. in 2021 and 2020 were $479 thousand and $73 thousand, respectively；the realized sales gains were $73 thousand and $597, respectively.

(4) Information on major shareholders

2021.12.31.

Shares / Name of Major Shareholders	Number of Shares Held	Percentage of Ownership (%)
Yi Sheng Investment Co., Ltd.	52,783,760	9.92%
Su, Bai Huang	27,160,455	5.10%
Su, Ching Yuan	26,912,389	5.06%

Note：1. The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

2. If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

14. Segment Information

The Company had disclosed the related segment information in the Consolidated Financial Statements per regulations; therefore, the segment information is not disclosed in the Parent Only Financial Statements.