



**MINUTES OF 2023 ANNUAL MEETING OF SHAREHOLDERS**

**(Translation)**

**Time** : 9:00 a.m., Friday, June 9, 2023

**Place** : No. 307, Anhe St., Guanyin Dist., Taoyuan City, Taiwan, R.O.C.  
(Staff activity center of Guanyin factory)

**Meeting Mode** : Physicals Shareholders Meeting

**Total shares represented by the Shareholders present in person or by proxy** :

296,259,102 shares (including votes casted electronically : 13,305,230 shares)

**Total outstanding shares** : 531,688,380 shares

**Percentage of shares held by Shareholders present in person or by proxy** : 55.72 %.

**The attendance list of the Directors** : Yeh, Sou-Tsun      Su, Pat-Huang      Yeh, Tsung-Hao  
Liang, Long-Shiang,      Lin, Ko-Wu  
Yi Sheng Investment Co., Ltd.      Laure Intellect Corp.

**Attendee** : CPA - Hsiao, Ying-Chia of Crowe (TW) CPAs

**Chairman** : Yeh, Sou-Tsun

**Recorder** : Yen, Chung-Tzu

**I 、 Report the number of shares present and announce the Meeting :**

As of 9:00 a.m., the number of shares attended: 296,259,102 shares

The aggregate shareholding of the Shareholders present in person or proxy constituted a quorum, the Chairman called the Meeting to order.

**II 、 Chairman takes chair and remarks** : (omitted)

The Annual Meeting of Shareholders officially began.

**III 、 Report Items**

1. 2022 Business Report (as Attachment 1)
2. Audit Committee's Review Report of the 2022 Financial Statements (as Attachment 2)
3. Report on Execution of Employees' Profit Sharing Bonus and Board of Directors' Compensation for the Year 2022 (as Attachment 3)

**IV 、 Approval Items**

Proposal by the Board of Directors

**Proposal 1**

**Proposal** : To approve 2022 Business Report and Financial Statements of the Company.

**Explanation** : 1. The 2022 "Parent Company Only Financial Statements" and the "Consolidated Financial Statements" of the Company had been audited by Crowe(TW) CPAs' CPA Lin, Chin-Lung and Hsiao, Ying-Chia, and the Audit Committee has examined and completed together with the Business Report, and issued the report for record.

2. Enclose the following data:

(1) Business Report	( as Attachment 1 )
(2) Parent Company Only Financial Statements	( as Attachment 4 )
(3) Consolidated Financial Statement	( as Attachment 5 )

3. Submitted for approval.

**Resolution :** No questions raised by the shareholders. The above proposal was hereby approved as proposed.  
The voting results are as follows:  
Shares represented at the time of voting : 296,259,102 votes

Voting Results		% of the total represented share present
Votes in favor:	291, 350, 701	98. 34 %
(Including Electronic voting	8, 542, 297)	
Votes against :	179, 320	0. 06 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	4, 729, 081	1. 59 %

## **Proposal 2**

**Proposal :** To approve the proposal for Distribution of 2022 Profits.

**Explanation :** 1. The Company's net loss after tax for 2022 is NT\$281,793,744.  
2. Due to the 2022 annual final accounts are after-tax losses, the proposed resolution does not distribute the earnings, and the Company's 2022 Earnings Distribution Table (as follows).  
This proposal was passed by the 5<sup>th</sup> meeting of the 19<sup>th</sup> session of the Board of Directors of the Company, and submitted to the Shareholders' meeting for approval.  
3. Submitted for approval

**Resolution :** No questions raised by the shareholders. The above proposal was hereby approved as proposed.  
The voting results are as follows:  
Shares represented at the time of voting : 296,259,102 votes

Voting Results		% of the total represented share present
Votes in favor:	291, 816, 227	98. 50 %
(Including Electronic voting	9, 007, 823)	
Votes against :	182, 320	0. 06 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	4, 260, 555	1. 43 %

## **Zig Sheng Industrial Co., Ltd. 2022 Earnings Distribution Table**

Unit : NTD

Item	Amount		Remarks
Unappropriated Earnings at beginning of period		446,281,498	Note
Add: Net Loss of 2022	(281,793,744)		
Other Comprehensive Income (Remeasurements of Defined Benefit Liability)	4,591,557		
Subtotal	(277,202,187)	(277,202,187)	
Available for distribution of Earnings for 2022		169,079,311	
Distribution Items:			
Cash Dividends		0	
Unappropriated Earnings at end of period		169,079,311	

Note: Remeasurements of defined benefit liability is recognized as retained earnings immediately.

**Chairman :** Yeh, Sou-Tsun    **General Manager :** Su, Pat-Huang    **Accounting Supervisor :** Cheng, Chiu-Yueh

**Proposal 1**

**Proposal :** The Cash Distributed from Capital Surplus.

- Explanation :**
1. In accordance with the provisions of Article 241 of the Company Act, the Company proposed a cash distribution of NT\$ 53,168,838 from Capital Surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The cash is to be distributed to the registered shareholders on the record date, and the cash distribution per share will be NT\$ 0.1.  
Cash distribution from Capital Surplus shall be paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other income in the accounting book of the Company
  2. This proposal was approved by all Directors present at the 5th Meeting of the 19th session Board of Directors of the Company.
  3. Upon the approval of the Annual Shareholders' Meeting, it is proposed that the Company' Chairman shall be authorized the following matters:
    - (1) Set the dividend base date.
    - (2) Before the cash base date for the distribution of Capital Surplus, if the total number of outstanding shares of the Company changes, or the competent authority approves the change due to the change of laws and regulations, which affects the distribution rate of Shareholders, to be handled by the Chairman of the Board.
  4. Please discuss and resolve.

**Resolution :** No questions raised by the shareholders. The above proposal was hereby approved as proposed.  
The voting results are as follows:  
Shares represented at the time of voting : 296,259,102 votes

Voting Results		% of the total represented share present
Votes in favor:	291, 883, 923	98.52 %
(Including Electronic voting	9, 075, 519)	
Votes against :	124, 393	0.04 %
Votes invalid :	0	0.00 %
Votes abstained/no votes :	4, 250, 786	1.43 %

**VI 、 Extemporary Motion :** None

**VII 、 Meeting Adjourned :** The Chairman adjourned the Meeting at 9:21 a.m.

**Note :** This document is extracted from the Meeting, the details are subject to the audio and video recording.

## **Attachment 1 、 2022 Business Report**

1. 2022 Business Report (as follows)
2. As of December 31, 2022, the Company did not endorse and guarantee any enterprise, nor did it lend funds to shareholders or any other person.

### **ZIG SHENG INDUSTRIAL CO., LTD. 2022 Business Report**

#### **I. Introduction**

Ukraine-Russia War broke out in February 2022, the world situation has been characterized by turbulence and unstable since then. The war has no significant sign to end so far. Resulting from continuous coronavirus variants, global production extremely declines. Moreover, Chinese government stucked to strict Zero-Covid strategy, many cities were locked down as result of epidemic.

International raw materials violently fluctuated last year, especially in crude oil prices. Brent oil price was averagely USD86.55/barrel in January 2022 but sharply increased to USD122.82/barrel in June 2022. European natural gas prices increased from USD26/mmbtu in early 2022 to USD99/mmbtu on 26th August 2022, but decreased to USD25/mmbtu in the end of December 2022. Prices up and down was showing almost 4 times. Caprolactam (raw material of nylon 6) price was USD2,250/mt in early 2022 but decreased to USD1,460/mt in the end of year, which was 35% decreasing. The main reasons are global inflation, pressure of rising interest rates, sluggish end-product demand, international raw materials prices declining and poor economic outlook in the near future. Therefore, most customers became very conservative.

Due to global inflation and pressure from rising interest rates, demand of textile industry and petrochemical upstream/downstream significantly shrank in 2022. Demand decreasing was showing extremely obvious in international sports brand. We have no choice but to adapt production cut-off and flexible production to deal with demand disruption and enquire shrinking in 2022. We must maintain “reasonable inventory” level.

In order to achieve ESG requirement from international brand customers when they increased the percentages of environmentally friendly recycled products for their end-product, we develop unique specification and innovative function products continuously for them. We also integrated up-middle-downstream in order to collaborate with our customers closely. Zig Sheng will not stop developing special specification and function products to match up international trend and customers’ needs. We would like to grow with our customers and reach the goals requested by customers.

#### **II . Business Performance**

Sluggish demand of end-market was resulting from impact of the global epidemic since Q3 2022; therefore, our operating conditions was seriously affected. Our revenue was NT9,276,122,000 in 2022, which decreased 17% comparing to 2021. Net operating

loss was NT250,230,000 as result of low operating rates, decreasing production and inventory loss from nylon raw material falling prices. Net operating loss before tax was NT286,192,000 in 2022, debt ratio was 28.2%, net asset value per stock was NT12.39. Even though, our company financial structure is still strong and stable.

Unit : NT\$ thousand

Analysis Item / Years	2022	2021	Difference	Change ratio (%)
Operating Revenue	9, 276, 122	11, 202, 972	3, 553, 885	46. 5%
Gross Profit	198, 687	1, 210, 552	1, 139, 930	1, 661. 7%
Operating Expenses	565, 439	565, 439	209, 420	58. 8%
Net Operating income	645, 113	645, 113	930, 410	326. 1%
Income before tax	1, 004, 568	1, 004, 568	1, 039, 660	2, 962. 7%
Net income	920, 077	920, 077	960, 192	2, 393. 6%

### III 、 Business Strategy

#### 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.

#### 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.

### 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.

#### Chemicals 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.

## IV 、 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.

## Attachment 2 、 Audit Committee's Review Report

### **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 2022, 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 2023 Annual Meeting of Shareholders of Zig Sheng Industrial Co., Ltd.

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

Date : March 10, 2023

## Attachment 3 、

### **Report on Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2022**

Explanation :

1. According to the provisions of Article 26 of the Articles of Incorporation of the Company,  
【2% of profit of the current year should be distributed as Employees' compensation and not more than 3% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year, the distribution of Employee bonus shall be adopted by the Directors present at the Board Meeting before being reported to the Shareholders' Meeting.】
2. Due to the pre-tax loss in 2022, the Remuneration of Employees and Directors will not be distributed.  
This proposal has been approved by all Directors present at the 5th Meeting of the 19th session Board of Directors of the Company.

## Attachment 4. the 2022 " Parent Company Only Financial Statements"

### **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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 of 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, 2022. 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, 2022 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 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 6.31 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 of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

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

1. Identify and assess the risks of material misstatement of the 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 Financial 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 ethical requirements regarding independence, and to communicate with them all relationships 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, 2022 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 than 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 10, 2023

Notice to Readers

*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 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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Assets	Notes	31-Dec-22		31-Dec-21	
			Amount	%	Amount	%
11xx	Current Assets		\$ 3,429,253	37	\$ 4,876,474	45
1100	Cash and cash equivalents	6.1	59,634	1	41,148	-
1110	Financial assets at FVTPL – current	6.2	585,649	6	916,107	8
1150	Notes receivable, net	6.3	128,376	1	269,770	3
1170	Accounts receivable, net	6.4	644,520	7	1,283,292	12
1180	Accounts receivable - related parties	6.4.7	66,779	1	77,999	1
1200	Other receivables	6.5	2,040	-	7,511	-
1220	Current-period income tax assets	6.38	3	-	4	-
1310	Inventories, net	6.6	1,869,307	20	2,233,256	21
1410	Prepayments	6.7	18,155	-	47,387	-
1479	Other current assets - other	6.8	54,790	1	-	-
15xx	Noncurrent Assets		5,752,213	63	5,899,328	55
1517	Financial assets at FVTOCI – noncurrent	6.9	195,288	2	246,998	2
1550	Investments accounted for using equity method	6.10	21,589	-	21,209	-
1600	Property, plant and equipment	6.11	4,547,680	50	4,715,038	44
1755	Right-of-use asset	6.12	63,080	1	74,045	1
1760	Investment properties, net	6.13	694,580	7	643,670	6
1780	Intangible assets	6.14	3,683	-	2,133	-
1840	Deferred income tax assets	6.38	78,825	1	75,895	1
1915	Prepayments for equipment		74,901	1	49,808	1
1920	Guarantee deposits paid	6.15	22,830	-	23,330	-
1990	Other noncurrent assets – other	6.16	49,757	1	47,202	-
1xxx	Total Assets		\$ 9,181,466	100	\$ 10,775,802	100
Code	Liabilities and Equity					
21xx	Current Liabilities		\$ 2,305,570	25	\$ 3,138,170	29
2100	Short-term loans	6.17	1,479,900	16	1,260,000	12
2110	Short-term notes and bills payable	6.18	49,963	1	499,845	4
2120	Financial liabilities at FVTPL – current	6.19	-	-	1,526	-
2130	Contractual liabilities – current	6.31	75,407	1	54,356	1
2150	Notes payable	6.20	166,516	2	217,877	2
2170	Accounts payable	6.20	217,119	2	624,041	6
2180	Accounts payable - related parties	7	39	-	82	-
2200	Other payables	6.21	273,259	3	408,719	4
2220	Other payables - related parties	7	99	-	70	-
2230	Current-period income tax liability	6.38	-	-	31,503	-
2250	Provisions - current	6.22	27,905	-	25,572	-
2280	Lease liabilities - current	6.12	13,391	-	12,975	-
2399	Other current liabilities – other	6.23	1,972	-	1,604	-
25xx	Noncurrent Liabilities		286,524	3	327,322	3
2570	Deferred income tax liabilities	6.38	137,524	1	137,395	1
2580	Lease liabilities - noncurrent	6.12	51,837	1	62,985	1
2640	Net defined benefit liability - noncurrent	6.24	73,869	1	103,778	1
2645	Guarantee deposits received	6.25	23,294	-	23,164	-
2xxx	Total Liabilities		2,592,094	28	3,465,492	32
31xx	Equity					
3100	Share capital	6.26	5,316,884	58	5,316,884	49
3110	Common shares		5,316,884	58	5,316,884	49
3200	Capital surplus	6.27	399,133	4	398,835	4
3300	Retained earnings	6.28	832,141	9	1,534,694	14
3310	Legal reserve		341,448	4	249,476	2
3320	Special reserve		321,614	3	321,614	3
3350	Unappropriated retained earnings		169,079	2	963,604	9
3400	Other equity interest	6.29	41,214	1	59,897	1
3410	Exchange differences from translation of foreign operations		( 424)	-	( 270)	-
3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income		41,638	1	60,167	1
3xxx	Total Equity		6,589,372	72	7,310,310	68
3x2x	Total Liabilities and Equity		\$ 9,181,466	100	\$ 10,775,802	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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.31)	\$ 9,276,122	100	\$ 11,202,972	100
5000	Operating costs (Note 6.6, 6.36)	( 9,078,384)	( 98)	( 9,991,420)	( 89)
5900	Gross profit (loss) from operations	197,738	2	1,211,552	11
5910	Unrealized sales benefit (Note 6.10)	( 421)	-	( 1,370)	-
5920	Realized sales benefit (Note 6.10)	1,370	-	370	-
5950	Gross profit from operations - net	198,687	2	1,210,552	11
6000	Operating expenses (Note 6.36)	( 448,921)	( 5)	( 565,439)	( 5)
6100	Selling expenses	( 293,621)	( 3)	( 336,753)	( 3)
6200	Administrative expenses	( 99,450)	( 1)	( 169,953)	( 1)
6300	Research and development expenses	( 55,782)	( 1)	( 58,733)	( 1)
6450	Expected credit losses (reversal) (Note 6.4)	( 68)	-	-	-
6900	NET OPERATING INCOME (LOSS)	( 250,234)	( 3)	645,113	6
	Non-operating income and expenses				
7100	Interest income (Note 6.32)	69	-	16	-
7010	Other income (Note 6.33)	209,632	2	155,086	1
7020	Other gains and losses (Note 6.34)	( 235,779)	( 2)	222,629	2
7050	Finance costs (Note 6.35)	( 9,465)	-	( 19,144)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6.10)	( 415)	-	868	-
7000	Total non-operating income and expenses	( 35,958)	-	359,455	3
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	( 286,192)	( 3)	1,004,568	9
7950	INCOME TAX EXPENSE (Note 6.38)	4,398	-	( 84,491)	( 1)
8200	NET INCOME (LOSS)	( 281,794)	( 3)	920,077	8
	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 6.9)	( 18,529)	-	33,810	-
8311	Remeasurements of defined benefit liability (Note 6.24)	5,740	-	( 438)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.38)	( 1,148)	-	88	-
8310	Total items that will not be reclassified subsequently to profit or loss	( 13,937)	-	33,460	-
	Items that may be reclassified subsequently to profit or loss : (Note 6.10)				
8381	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	( 154)	-	( 51)	-
8360	Total items that may be reclassified subsequently to profit or loss	( 154)	-	( 51)	-
8300	Total other comprehensive income (loss) for the year, net of income tax	( 14,091)	-	33,409	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(\$ 295,885)	( 3)	\$ 953,486	8
	EARNINGS PER SHARE – COMMON SHARES (NT\$) (Note 6.39)				
9750	Basic earnings (loss) per share	(\$ 0.53)		\$ 1.73	
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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
				Legal reserve	Special reserve	Unappropriate d retained earnings	Exchange differences from translation of foreign operations	Unrealized gains or losses on financial assets at FVTOCI		
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 for common 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	<u>\$ 5,316,884</u>	<u>\$ 398,835</u>	<u>\$ 249,476</u>	<u>\$ 321,614</u>	<u>\$ 963,604</u>	<u>(\$ 270)</u>	<u>\$ 60,167</u>	<u>\$ -</u>	<u>\$ 7,310,310</u>
A1	Balance on January 1, 2022	\$ 5,316,884	\$ 398,835	\$ 249,476	\$ 321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ -	\$ 7,310,310
	Appropriation of earnings :									
B1	Legal reserve	-	-	91,972	-	( 91,972)	-	-	-	-
B5	Cash dividends for common shares	-	-	-	-	( 425,351)	-	-	-	( 425,351)
C17	Unclaimed overdue dividends by shareholders	-	298	-	-	-	-	-	-	298
D1	Profit (loss) for 2022	-	-	-	-	( 281,794)	-	-	-	( 281,794)
D3	Other comprehensive income, net of tax, for 2022	-	-	-	-	4,592	( 154)	( 18,529)	-	( 14,091)
Z1	Balance, December 31, 2022	<u>\$ 5,316,884</u>	<u>\$ 399,133</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>\$ 169,079</u>	<u>(\$ 424)</u>	<u>\$ 41,638</u>	<u>\$ -</u>	<u>\$ 6,589,372</u>

(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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	2022	2021
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES :		
A00010	Net profit (loss) before tax from continuing operations	(\$ 286,192)	\$ 1,004,568
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)	403,232	462,446
A20200	Amortization expense	32,496	27,137
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	212,899	( 62,183)
A20900	Interest expense	20,706	13,904
A21200	Interest income	( 69)	( 16)
A21300	Dividend income	( 82,022)	( 37,059)
A22400	Share of profits of subsidiaries, associates, and joint ventures under equity method	415	( 868)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	( 22,291)	33
A23100	Loss (gain) from disposal of investments	89,986	( 190,076)
A23900	Unrealized sales benefit	421	1,370
A24000	Realized sales benefit	( 1,370)	( 370)
A20010	Total income/gain or expense/loss items not affecting cash flows	654,403	214,318
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	20,365	( 51,787)
A31130	Decrease (increase) in notes receivable	141,394	( 48,803)
A31140	Decrease (increase) in notes receivable – related parties	-	66
A31150	Decrease (increase) in accounts receivable	638,772	( 321,833)
A31160	Decrease (increase) in accounts receivable – related parties	11,220	1,170
A31180	Decrease (increase) in other receivables	5,471	10,453
A31200	Decrease (increase) in inventories	348,927	( 1,175,296)
A31230	Decrease (increase) in prepayments	29,232	( 28,794)
A31240	Decrease (increase) in other current assets - other	( 54,790)	-
A32125	Increase (decrease) in contractual liabilities	21,051	( 25,411)
A32130	Increase (decrease) in notes payable	( 51,361)	111,194
A32150	Increase (decrease) in accounts payable	( 406,922)	252,787
A32160	Increase (decrease) in accounts payable – related parties	( 43)	( 113)
A32180	Increase (decrease) in other payables	( 124,626)	110,224
A32190	Increase (decrease) in other payables – related parties	29	66
A32200	Increase (decrease) in provisions	2,333	999
A32230	Increase (decrease) in other current liabilities - other	368	671
A32240	Increase (decrease) in net defined benefit liabilities	( 24,169)	( 8,209)
A30000	Total changes in operating assets and liabilities	557,251	( 1,172,616)
A33000	Cash generated from operations	925,462	46,270
A33100	Interest received	69	16
A33200	Dividend received	82,022	37,059
A33300	Interest paid	( 20,121)	( 13,864)
A33500	Income taxes refunded (paid)	( 31,053)	3
AAAA	Net cash flows from (used in) operating activities	956,379	69,484

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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	33,181	8,721
B02700	Acquisition of property, plant and equipment	( 147,567) (	218,014)
B02800	Disposal of property, plant and equipment	22,455	407
B03700	Increase in refundable deposits paid	( 2) (	11)
B03800	Decrease in refundable deposit paid	502	1,480
B04500	Acquisition of intangible assets	( 2,181) (	907)
B05400	Acquisition of investment properties	( 55,860) (	3,631)
B06700	Increase in other noncurrent assets - other	( 33,715) (	40,753)
B07100	Increase in prepayments for equipment	( 87,070) (	220,202)
BBBB	Net cash flows from (used in) investing activities	( 270,257) (	486,110)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES : (Note 6.37)		
C00100	Increase in short-term loans	12,122,342	12,136,870
C00200	Decrease in short-term loans	( 11,902,442) (	11,586,870)
C00500	Increase in short-term notes and bills payable	2,450,000	4,380,000
C00600	Decrease in short-term notes and bills payable	( 2,900,000) (	4,330,000)
C03000	Increase in deposits received	750	95
C03100	Decrease in deposits received	( 620) (	95)
C04020	Lease principal repayments	( 12,613) (	12,479)
C04500	Distribution of cash dividends	( 425,351) (	159,507)
C04900	Cost for buying back treasury shares	- (	9,993)
C09900	Undrawn overdue dividends payable transferred to capital surplus	298	455
CCCC	Net cash flows from (used in) financing activities	( 667,636) (	418,476)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,486	1,850
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	41,148	39,298
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 59,634	\$ 41,148
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	\$ 59,634	\$ 41,148

(The accompanying notes form an integral part of the parent company only financial statements)



## Attachment 5. the 2022 " Consolidated Financial Statements"

### **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, 2022 and 2021, the Consolidated statements of comprehensive income, Consolidated statements of changes in equity, and Consolidated statements of cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 endorsed 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 of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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, 2022. 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, 2022 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 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 6.31 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 2022 and 2021 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 of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 ethical requirements regarding independence, and to communicate with them all relationships 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, 2022 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 than 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 10, 2023

Notice to Readers

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

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
11xx	Current Assets	\$ 3,451,871	37	\$ 4,897,722	45
1100	Cash and cash equivalents (Note 6.1)	85,324	1	71,448	1
1110	Financial assets at FVTPL – current (Note 6.2)	585,649	6	916,107	8
1150	Notes receivable, net (Note 6.3)	128,376	1	269,770	3
1170	Accounts receivable, net (Note 6.4)	663,674	7	1,295,846	12
1180	Accounts receivable - related parties (Note 6.4.7)	32,714	-	41,820	-
1200	Other receivables (Note 6.5)	2,252	-	7,513	-
1220	Current-period income tax assets (Note 6.38)	6	-	29	-
1310	Inventories, net (Note 6.6)	1,880,760	21	2,247,309	21
1410	Prepayments (Note 6.7)	18,326	-	47,880	-
1479	Other current assets - other (Note 6.8)	54,790	1	-	-
15xx	Noncurrent Assets	5,730,972	63	5,879,093	55
1517	Financial assets at FVTOCI – noncurrent (Note 6.9)	195,288	2	246,998	2
1600	Property, plant and equipment (Note 6.11)	4,547,680	49	4,715,038	44
1755	Right-of-use asset (Note 6.12)	63,239	1	74,673	1
1760	Investment properties, net (Note 6.13)	694,580	8	643,670	6
1780	Intangible assets (Note 6.14)	3,683	-	2,133	-
1840	Deferred income tax assets (Note 6.38)	78,877	1	76,092	1
1915	Prepayments for equipment	74,901	1	49,808	1
1920	Guarantee deposits paid (Note 6.15)	22,967	-	23,479	-
1990	Other noncurrent assets – other (Note 6.16)	49,757	1	47,202	-
1xxx	Total Assets	\$ 9,182,843	100	\$ 10,776,815	100
Code	Liabilities and Equity				
21xx	Current Liabilities	\$ 2,306,947	25	\$ 3,139,025	29
2100	Short-term loans (Note 6.17)	1,479,900	16	1,260,000	12
2110	Short-term notes and bills payable (Note 6.18)	49,963	1	499,845	4
2120	Financial liabilities at FVTPL – current (Note 6.19)	-	-	1,526	-
2130	Contractual liabilities – current (Note 6.31)	75,418	1	54,457	1
2150	Notes payable (Note 6.20)	166,516	2	217,881	2
2170	Accounts payable (Note 6.20)	217,453	2	624,095	6
2180	Accounts payable to related parties (Note 7)	39	-	82	-
2200	Other payables (Note 6.20)	274,221	3	409,008	4
2230	Current-period income tax liabilities (Note 6.38)	9	-	31,507	-
2250	Provisions - current (Note 6.22)	27,905	-	25,572	-
2280	Lease liabilities - current (Note 6.12)	13,551	-	13,448	-
2399	Other current liabilities – other (Note 6.23)	1,972	-	1,604	-
25xx	Noncurrent Liabilities	286,524	3	327,480	3
2570	Deferred income tax liabilities (Note 6.38)	137,524	1	137,395	1
2580	Lease liabilities - noncurrent (Note 6.12)	51,837	1	63,143	1
2640	Net defined benefit liability - noncurrent (Note 6.24)	73,869	1	103,778	1
2645	Guarantee deposits received (Note 6.25)	23,294	-	23,164	-
2xxx	Total Liabilities	2,593,471	28	3,466,505	32
31xx	Equity attributable to owners of the parent				
3100	Share capital (Note 6.26)	5,316,884	58	5,316,884	49
3110	Common shares	5,316,884	58	5,316,884	49
3200	Capital surplus (Note 6.27)	399,133	4	398,835	4
3300	Retained earnings (Note 6.28)	832,141	9	1,534,694	14
3310	Legal reserve	341,448	4	249,476	2
3320	Special reserve	321,614	3	321,614	3
3350	Unappropriated retained earnings	169,079	2	963,604	9
3400	Other equity interest (Note 6.29)	41,214	1	59,897	1
3410	Exchange differences from translation of foreign operations	( 424)	-	( 270)	-
3420	Unrealized gains or losses on financial assets at FVTOCI	41,638	1	60,167	1
3xxx	Total Equity	6,589,372	72	7,310,310	68
3x2x	Total Liabilities and Equity	\$ 9,182,843	100	\$ 10,776,815	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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	2022		2021	
		Amount		Amount	
4000	Operating revenue (Note 6.31)	\$	9,301,445 100	\$	11,218,513 100
5000	Operating costs (Note 6.6, 6.36)	(	9,087,845) ( 98)	(	9,996,561) ( 89)
5900	Gross profit (loss) from operations		213,600 2		1,221,952 11
6000	Operating expenses (Note 6.36)	(	458,810) ( 5)	(	574,057) ( 5)
6100	Selling expenses	(	295,678) ( 3)	(	339,139) ( 3)
6200	Administrative expenses	(	105,548) ( 1)	(	176,185) ( 1)
6300	Research and development expenses	(	57,516) ( 1)	(	58,733) ( 1)
6450	Expected credit losses (reversal) (Note 6.4)	(	68) -		- -
6900	NET OPERATING INCOME (LOSS)	(	245,210) ( 3)		647,895 6
	Non-operating income and expenses				
7100	Interest income (Note 6.32)		520 -		116 -
7010	Other income (Note 6.33)		201,807 2		150,673 1
7020	Other gains and losses (Note 6.34)	(	233,669) ( 2)		224,944 2
7050	Finance costs (Note 6.35)	(	9,445) -	(	19,151) -
7000	Total non-operating income and expenses	(	40,787) -		356,582 3
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(	285,997) ( 3)		1,004,477 9
7950	INCOME TAX EXPENSE (Note 6.38)		4,203 -	(	84,400) ( 1)
8200	NET INCOME (LOSS)	(	281,794) ( 3)		920,077 8
	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 6.9)	(	18,529) -		33,810 -
8311	Remeasurements of defined benefit liability (Note 6.24)		5,740 -	(	438) -
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.38)	(	1,148) -		88 -
8310	Total items that will not be reclassified subsequently to profit or loss	(	13,937) -		33,460 -
	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	(	154) -	(	51) -
8360	Total items that may be reclassified subsequently to profit or loss	(	154) -	(	51) -
8300	Total other comprehensive income (loss) for the period, net of income tax	(	14,091) -		33,409 -
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(\$	295,885) ( 3)	\$	953,486 8
8600	Net income (loss) attributable to :				
8610	Owners of the parent	(\$	281,794) ( 3)	\$	920,077 8
8700	Total comprehensive income (loss) attributable to :				
8710	Owners of the parent	(\$	295,885) ( 3)	\$	953,486 8
	EARNINGS (LOSS) PER SHARE – COMMON SHARES (NT\$) (Note 6.39)				
9750	Basic earnings (loss) per share	(\$	0.53)	\$	1.73
9850	Diluted earnings (loss) 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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gains or losses on financial assets at FVTOCI		
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 for common 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	<u>\$ 5,316,884</u>	<u>\$ 398,835</u>	<u>\$ 249,476</u>	<u>\$ 321,614</u>	<u>\$ 963,604</u>	<u>(\$ 270)</u>	<u>\$ 60,167</u>	<u>\$ -</u>	<u>\$ 7,310,310</u>
A1	Balance on January 1, 2022	\$ 5,316,884	\$ 398,835	\$ 249,476	\$ 321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ -	\$ 7,310,310
	Appropriation of earnings :									
B1	Legal reserve	-	-	91,972	-	( 91,972)	-	-	-	-
B5	Cash dividends for common shares	-	-	-	-	( 425,351)	-	-	-	( 425,351)
C17	Unclaimed overdue dividends by shareholders	-	298	-	-	-	-	-	-	298
D1	Profit (loss) for 2022	-	-	-	-	( 281,794)	-	-	-	( 281,794)
D3	Other comprehensive income, net of tax, for 2022	-	-	-	-	4,592	( 154)	( 18,529)	-	( 14,091)
Z1	Balance, December 31, 2022	<u>\$ 5,316,884</u>	<u>\$ 399,133</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>\$ 169,079</u>	<u>(\$ 424)</u>	<u>\$ 41,638</u>	<u>\$ -</u>	<u>\$ 6,589,372</u>

(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, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	2022	2021
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Net profit (loss) before tax from continuing operations	(\$ 285,997)	\$ 1,004,477
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)	403,707	462,919
A20200	Amortization expense	32,496	27,137
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	212,899 (	62,183)
A20900	Interest expense	20,707	13,906
A21200	Interest income	( 520)	( 116)
A21300	Dividend income	( 82,022)	( 37,059)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	( 22,291)	33
A23100	Net loss (gain) from disposal of investments	89,986	( 190,076)
A20010	Total income/gain or expense/loss items not affecting cash flows	654,962	214,561
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	20,365 (	51,787)
A31130	Decrease (increase) in notes receivable	141,394 (	48,540)
A31150	Decrease (increase) in accounts receivable	632,172 (	319,931)
A31160	Decrease (increase) in accounts receivable – related parties	9,106	3,676
A31180	Decrease (increase) in other receivables	5,466	10,460
A31200	Decrease (increase) in inventories	351,527 (	1,178,961)
A31230	Decrease (increase) in prepayments	29,554 (	28,893)
A31240	Decrease (increase) in other current assets - other	( 54,790)	-
A32125	Increase (decrease) in contractual liabilities	20,961 (	26,347)
A32130	Increase (decrease) in notes payable	( 51,365)	111,194
A32150	Increase (decrease) in accounts payable	( 406,642)	252,708
A32160	Increase (decrease) in accounts payable – related parties	( 43)	( 113)
A32180	Increase (decrease) in other payables	( 123,953)	110,166
A32200	Increase (decrease) in provisions	2,333	999
A32230	Increase (decrease) in other current liabilities - other	368	668
A32240	Increase (decrease) in net defined benefit liabilities	( 24,169)	( 8,209)
A30000	Total changes in operating assets and liabilities	552,284	( 1,172,910)
A33000	Cash generated from operations	921,249	46,128
A33100	Interest received	315	116
A33200	Dividend received	82,022	37,059
A33300	Interest paid	( 20,122)	( 13,866)
A33500	Income taxes paid	( 31,076)	( 224)
AAAA	Net cash flows from (used in) operating activities	952,388	69,213

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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	33,181	8,721
B02700	Acquisition of property, plant and equipment	( 147,567) (	218,014)
B02800	Disposal of property, plant and equipment	22,455	407
B03700	Increase in refundable deposit paid	( 10) (	59)
B03800	Decrease in refundable deposit paid	522	1,523
B04500	Acquisition of intangible assets	( 2,181) (	907)
B05400	Acquisition of investment properties	( 55,860) (	3,631)
B06700	Increase in other noncurrent assets - other	( 33,715) (	40,753)
B07100	Increase in prepayments for equipment	( 87,070) (	220,202)
BBBB	Net cash flows from (used in) investing activities	( 270,245) (	486,115)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES : (Note 6.37)		
C00100	Increase in short-term loans	12,122,342	12,136,870
C00200	Decrease in short-term loans	( 11,902,442) (	11,586,870)
C00500	Increase in short-term notes and bills payable	2,450,000	4,380,000
C00600	Decrease in short-term notes and bills payable	( 2,900,000) (	4,330,000)
C03000	Increase in deposits received	750	95
C03100	Decrease in deposits received	( 620) (	95)
C04020	Lease principal repayment	( 13,090) (	12,952)
C04500	Distribution of cash dividends	( 425,351) (	159,507)
C04900	Cost for buying back treasury shares	- (	9,993)
C09900	Undrawn overdue dividends payable transferred to capital surplus	298	455
CCCC	Net cash flows from (used in) financing activities	( 668,113) (	418,003)
DDDD	Effects on cash and cash equivalents due to fluctuations in exchange rates	( 154) (	51)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,876	1,050
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,448	70,398
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 85,324	\$ 71,448
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE CONSOLIDATED BALANCE SHEET	\$ 85,324	\$ 71,448

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