

Stock Code : 1455

**Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022
and Independent Auditors' Report**

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Zig Sheng Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Six Months Ended June 30, 2023

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Independent Auditors' Report

To : Zig Sheng Industrial Co., Ltd.

Preface

We have reviewed the consolidated financial statements of Zig Sheng Industrial Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, consolidated statements of changes in equity, and consolidated statements of cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies (together "Consolidated Financial Statements"). Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan). Our responsibility is to express a conclusion on the Consolidated Financial Statements based on our reviews.

Scope

Except for the items mentioned in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Standards on Review Engagement No. 2410 "Review of interim Financial Information performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters) and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in Note 4.3-2 of the Consolidated Financial Statements, the amount shown in the financial statements of insignificant subsidiaries included in the Consolidated Financial Statements and the related information disclosed in Note 13 of the Consolidated Financial Statements were prepared based on un-audited financial statements of the respective companies in the corresponding periods. The amount of total assets of such subsidiaries as of June 30, 2023 and 2022 was \$ 59,622 thousand and \$53,575 thousand, respectively, which accounted for 0.61% and 0.51% of the total consolidated assets, respectively ; The amount of total liabilities was \$37,814 thousand and \$31,803 thousand, respectively, which accounted for 1.11% and 0.91% of the total consolidated liabilities, respectively ; The amount of total comprehensive income (loss) for three months and six months ended June 30, 2023 and 2022 was (\$135) thousand and (\$1,028) thousand. (\$150) thousand and (\$608) thousand, respectively, which accounted for 0.09% and 1.80%, 0.09% and (2.10%) of the total consolidated comprehensive income (loss), respectively.

Qualified Conclusion

Based on our reviews, except for the potential effects of adjustments and disclosures on the Consolidated Financial Statements if the financial statements of the insignificant subsidiaries as mentioned in the Basis for Qualified Conclusion section and the related information disclosed in Note 13 of the Consolidated Financial Statements were reviewed by CPA, nothing has come to our attention that caused us to believe that the accompanying Consolidated Financial Statements do not present fair, in all material respects the consolidated position of the Company as of June 30, 2023 and 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan).

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

August 4, 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 review such Consolidated Financial Statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and Consolidated Financial Statements shall prevail.

Zig Sheng Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2023, December 31, 2022 and June 30, 2022

Unit : Thousands of New Taiwan Dollars

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
11xx	Current Assets	\$ 3,698,271	38	\$ 3,451,871	37	\$ 4,618,806	44
1100	Cash and cash equivalents (Note 6.1)	103,541	1	85,324	1	50,595	-
1110	Financial assets at FVTPL – current (Note 6.2)	607,012	6	585,649	6	689,699	7
1150	Notes receivable, net (Note 6.3)	28,403	-	128,376	1	68,626	1
1170	Accounts receivable, net (Note 6.4)	740,371	8	663,674	7	952,840	9
1180	Accounts receivable - related parties (Note 6.4, Note 7)	14,841	-	32,714	-	20,860	-
1200	Other receivables (Note 6.5)	143,996	2	2,252	-	75,709	1
1210	Other receivables - related parties (Note 7)	-	-	-	-	17,464	-
1220	Current-period income tax assets	19	-	6	-	6	-
1310	Inventories, net (Note 6.6)	2,024,088	21	1,880,760	21	2,720,889	26
1410	Prepayments (Note 6.7)	36,000	-	18,326	-	22,118	-
1479	Other current assets - other (Note 6.8)	-	-	54,790	1	-	-
15xx	Noncurrent Assets	6,069,890	62	5,730,972	63	5,797,883	56
1517	Financial assets at FVTOCI - noncurrent (Note 6.9)	208,072	2	195,288	2	201,058	2
1600	Property, plant and equipment (Note 6.11)	4,706,154	48	4,547,680	49	4,634,223	44
1755	Right-of-use asset (Note 6.12)	116,637	1	63,239	1	69,919	1
1760	Investment properties, net (Note 6.13)	790,242	8	694,580	8	689,484	7
1780	Intangible assets (Note 6.14)	5,138	-	3,683	-	3,100	-
1840	Deferred income tax assets	104,314	1	78,877	1	59,633	1
1915	Prepayments for equipment	72,022	1	74,901	1	64,082	1
1920	Guarantee deposits paid (Note 6.15)	18,401	-	22,967	-	22,973	-
1990	Other noncurrent assets – other (Note 6.16)	48,910	1	49,757	1	53,411	-
1xxx	Total Assets	\$ 9,768,161	100	\$ 9,182,843	100	\$ 10,416,689	100
Code	Liabilities and Equity						
21xx	Current Liabilities	\$ 1,881,695	19	\$ 2,306,947	25	\$ 3,200,453	31
2100	Short-term loans (Note 6.17)	710,000	7	1,479,900	16	1,410,000	14
2110	Short-term notes and bills payable (Note 6.18)	399,711	4	49,963	1	349,880	3
2130	Contractual liabilities – current (Note 6.30)	53,510	1	75,418	1	89,631	1
2150	Notes payable (Note 6.19)	78,305	1	166,516	2	94,490	1
2160	Notes payable - related parties (Note 7)	-	-	-	-	176	-
2170	Accounts payable (Note 6.19)	248,745	2	217,453	2	435,956	4
2180	Accounts payable - related parties (Note 7)	477	-	39	-	48	-
2200	Other payables (Note 6.20)	348,416	4	274,221	3	719,215	7
2220	Other payables - related parties (Note 7)	344	-	-	-	-	-
2230	Current-period income tax liabilities	47	-	9	-	56,229	1
2250	Provisions - current (Note 6.21)	30,421	-	27,905	-	30,116	-
2280	Lease liabilities - current (Note 6.12)	9,884	-	13,551	-	10,992	-
2399	Other current liabilities – other (Note 6.22)	1,835	-	1,972	-	3,720	-
25xx	Noncurrent Liabilities	1,525,317	16	286,524	3	302,255	3
2540	Long-term loans (Note 6.23)	1,200,000	12	-	-	-	-
2570	Deferred income tax liabilities	138,713	2	137,524	1	137,683	1
2580	Lease liabilities - noncurrent (Note 6.12)	106,427	1	51,837	1	58,241	1
2640	Net defined benefit liability - noncurrent (Note 6.24)	62,917	1	73,869	1	83,187	1
2645	Guarantee deposits received (Note 6.25)	17,260	-	23,294	-	23,144	-
2xxx	Total Liabilities	3,407,012	35	2,593,471	28	3,502,708	34
31xx	Equity attributable to owners of the parent						
3100	Share capital (Note 6.26)	5,316,884	54	5,316,884	58	5,316,884	51
3110	Common shares	5,316,884	54	5,316,884	58	5,316,884	51
3200	Capital surplus (Note 6.27)	345,964	4	399,133	4	398,836	4
3300	Retained earnings (Note 6.28)	639,523	6	832,141	9	1,156,020	11
3310	Legal reserve	341,448	3	341,448	4	341,448	3
3320	Special reserve	321,614	3	321,614	3	321,614	3
3350	Unappropriated retained earnings (accumulated deficit)	(23,539)	-	169,079	2	492,958	5
3400	Other equity interest (Note 6.29)	58,778	1	41,214	1	42,241	-
3410	Exchange differences from translation of foreign operations	(1,073)	-	(424)	-	(157)	-
3420	Unrealized gains or losses on financial assets at FVTOCI (Note 6.9)	59,851	1	41,638	1	42,398	-
3xxx	Total Equity	6,361,149	65	6,589,372	72	6,913,981	66
3x2x	Total Liabilities and Equity	\$ 9,768,161	100	\$ 9,182,843	100	\$ 10,416,689	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
Three Months Ended June 30, 2023 and 2022 and Six Months Ended June 30, 2023 and 2022

		Unit : Thousands of New Taiwan Dollars							
Code	Item	April 1, 2023 to June 30, 2023		April 1, 2022 to June 30, 2022		January 1, 2023 to June 30, 2023		January 1, 2022 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6.30)	\$ 1,735,422	100	\$ 2,553,559	100	\$ 3,538,296	100	\$ 5,375,416	100
5000	Operating costs (Note 6.6, Note 6.35)	(1,869,948)	(108)	(2,344,208)	(92)	(3,650,335)	(103)	(4,908,283)	(91)
5900	Gross (loss) from operations	(134,526)	(8)	209,351	8	(112,039)	(3)	467,133	9
6000	Operating expenses (Note 6.35)	(96,282)	(5)	(118,135)	(4)	(192,448)	(6)	(263,506)	(5)
6100	Selling expenses	(49,772)	(3)	(80,431)	(3)	(101,138)	(3)	(173,335)	(3)
6200	Administrative expenses	(25,812)	(1)	(24,554)	(1)	(55,131)	(2)	(61,807)	(1)
6300	Research and development expenses	(20,698)	(1)	(13,150)	-	(36,179)	(1)	(28,296)	(1)
6450	Loss on expected credit impairment (Note 6.4)	-	-	-	-	-	-	(68)	-
6900	NET OPERATING INCOME (LOSS)	(230,808)	(13)	91,216	4	(304,487)	(9)	203,627	4
	Non-operating income and expenses								
7100	Interest income (Note 6.31)	180	-	56	-	236	-	402	-
7010	Other income (Note 6.32)	173,281	10	86,666	3	198,216	6	115,769	2
7020	Other gains and losses (Note 6.33)	(94,666)	(5)	(171,368)	(7)	(89,405)	(2)	(197,856)	(4)
7050	Finance costs (Note 6.34)	(7,753)	(1)	(3,150)	-	(18,018)	(1)	(2,705)	-
7000	Total non-operating income and expenses	71,042	4	(87,796)	(4)	91,029	3	(84,390)	(2)
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(159,766)	(9)	3,420	-	(213,458)	(6)	119,237	2
7950	INCOME TAX EXPENSE (Note 6.37)	11,064	1	(37,237)	(1)	24,158	1	(72,560)	(1)
8200	NET INCOME (LOSS)	(148,702)	(8)	(33,817)	(1)	(189,300)	(5)	46,677	1
	OTHER COMPREHENSIVE INCOME (LOSS) (Note 6.29)								
	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)	(3,332)	-	(22,961)	(1)	14,895	-	(17,769)	-
8310	Total items that will not be reclassified subsequently to profit or loss	(3,332)	-	(22,961)	(1)	14,895	-	(17,769)	-
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences from translation of foreign operations	(793)	-	(443)	-	(649)	-	113	-
8360	Total items that may be reclassified subsequently to profit or loss	(793)	-	(443)	-	(649)	-	113	-
8300	Total other comprehensive income (loss) for the period, net of income tax	(4,125)	-	(23,404)	(1)	14,246	-	(17,656)	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>(\$ 152,827)</u>	<u>(8)</u>	<u>(\$ 57,221)</u>	<u>(2)</u>	<u>(\$ 175,054)</u>	<u>(5)</u>	<u>\$ 29,021</u>	<u>1</u>
8600	Net income (loss) attributable to :								
8610	Owners of the parent	<u>(\$ 148,702)</u>	<u>(8)</u>	<u>(\$ 33,817)</u>	<u>(1)</u>	<u>(\$ 189,300)</u>	<u>(5)</u>	<u>\$ 46,677</u>	<u>1</u>
8700	Total comprehensive income (loss) attributable to :								
8710	Owners of the parent	<u>(\$ 152,827)</u>	<u>(8)</u>	<u>(\$ 57,221)</u>	<u>(2)</u>	<u>(\$ 175,054)</u>	<u>(5)</u>	<u>\$ 29,021</u>	<u>1</u>
	EARNINGS (LOSS) PER SHARE – COMMON SHARES (NT\$) (Note 6.38)								
9750	Basic earnings (loss) per share	<u>(\$ 0.28)</u>		<u>(\$ 0.06)</u>		<u>(\$ 0.36)</u>		<u>\$ 0.09</u>	
9850	Diluted earnings (loss) per share							<u>\$ 0.09</u>	

(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
Six Months Ended June 30, 2023 and 2022

		Unit : Thousands of New Taiwan Dollars							
Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings			Other Equity		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, 2022	\$ 5,316,884	\$ 398,835	\$ 249,476	\$ 321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ 7,310,310
	Appropriation and distribution of 2021 earnings :								
B1	Legal reserve	-	-	91,972	-	(91,972)	-	-	-
B5	Cash dividends – common shares	-	-	-	-	(425,351)	-	-	(425,351)
C17	Unclaimed overdue dividends by shareholders	-	1	-	-	-	-	-	1
D1	Profit (loss) covering January 1 ~ June 30, 2023	-	-	-	-	46,677	-	-	46,677
D3	Other comprehensive income (loss) covering January 1 ~ June 30, 2023	-	-	-	-	-	113	(17,769)	(17,656)
Z1	Balance, June 30, 2022	<u>\$ 5,316,884</u>	<u>\$ 398,836</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>\$ 492,958</u>	<u>(\$ 157)</u>	<u>\$ 42,398</u>	<u>\$ 6,913,981</u>
A1	Balance, January 1, 2023	\$ 5,316,884	\$ 399,133	\$ 341,448	\$ 321,614	\$ 169,079	(\$ 424)	\$ 41,638	\$ 6,589,372
C15	Cash dividend distribution from capital surplus	-	(53,169)	-	-	-	-	-	(53,169)
D1	Profit (loss) covering January 1 ~ June 30, 2023	-	-	-	-	(189,300)	-	-	(189,300)
D3	Other comprehensive income (loss) covering January 1 ~ June 30, 2023	-	-	-	-	-	(649)	14,895	14,246
Q1	Disposals of equity investments at FVTOCI	-	-	-	-	(3,318)	-	3,318	-
Z1	Balance, June 30, 2023	<u>\$ 5,316,884</u>	<u>\$ 345,964</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>(\$ 23,539)</u>	<u>(\$ 1,073)</u>	<u>\$ 59,851</u>	<u>\$ 6,361,149</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
Six Months Ended June 30, 2023 and 2022

Unit : Thousands of New Taiwan Dollars

Code	Item	January 1, 2023 to June 30, 2023	January 1, 2022 to June 30, 2022
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit (loss) before tax from continuing operations	(\$ 213,458)	\$ 119,237
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)	183,584	212,063
A20200	Amortization expense	17,582	15,893
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	85,301	242,267
A20900	Interest expense	19,389	9,069
A21200	Interest income	(236)	(402)
A21300	Dividend income	(137,940)	(58,150)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	-	(20,401)
A23100	Net loss (gain) from disposal of investments	4,797	3,487
A20010	Total income/gain or expense/loss items not affecting cash flows	172,477	403,826
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(106,865)	(31,161)
A31130	Decrease (increase) in notes receivable	99,973	201,144
A31150	Decrease (increase) in accounts receivable	(76,697)	343,006
A31160	Decrease (increase) in accounts receivable – related parties	17,873	20,960
A31180	Decrease (increase) in other receivables	(16,772)	(11,644)
A31200	Decrease (increase) in inventories	(167,495)	(467,854)
A31230	Decrease (increase) in prepayments	(17,674)	25,762
A31240	Decrease (increase) in other current assets - other	54,790	-
A32125	Increase (decrease) in contractual liabilities	(21,908)	35,174
A32130	Increase (decrease) in notes payable	(88,211)	(123,391)
A32140	Increase (decrease) in notes payable – related parties	-	176
A32150	Increase (decrease) in accounts payable	31,292	(188,139)
A32160	Increase (decrease) in accounts payable – related parties	438	(34)
A32180	Increase (decrease) in other payables	(32,550)	(147,742)
A32190	Increase (decrease) in other payables - related parties	344	-
A32200	Increase (decrease) in provisions	2,516	4,544
A32230	Increase (decrease) in other current liabilities - other	(137)	2,116
A32240	Increase (decrease) in net defined benefit liabilities	(10,952)	(20,591)
A30000	Total net changes in operating assets and liabilities	(332,035)	(357,674)
A33000	Cash generated from (used in) operations	(373,016)	165,389
A33100	Interest received	380	239
A33200	Dividend received	12,824	8,468
A33300	Interest paid	(18,855)	(8,703)
A33500	Income tax paid	(65)	(31,068)
AAAA	Net cash flows from (used in) operating activities	(378,732)	134,325

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00010	Acquisition of FVTOCI financial assets	(4,000)	-
B00020	Disposal of FVTOCI financial assets	6,111	-
B00030	Returned capital from FVTOCI financial assets	-	4,000
B02700	Acquisition of property, plant and equipment	(227,208)	(59,624)
B02800	Disposal of property, plant and equipment	-	21,700
B03700	Increase in refundable deposit paid	-	(15)
B03800	Decrease in refundable deposit paid	4,566	521
B04500	Acquisition of intangible assets	(1,007)	(829)
B05400	Acquisition of investment properties	(71,041)	(35)
B06700	Increase in other noncurrent assets - other	(15,385)	(21,535)
B07100	Increase in prepayments for equipment	(59,567)	(90,205)
BBBB	Net cash flows from (used in) investing activities	(367,531)	(146,022)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES: (Note 6.36)		
C00100	Increase in short-term loans	4,170,100	6,541,919
C00200	Decrease in short-term loans	(4,940,000)	(6,391,919)
C00500	Increase in short-term notes and bills payable	1,690,000	1,700,000
C00600	Decrease in short-term notes and bills payable	(1,340,000)	(1,850,000)
C01600	Proceeds from long-term debt	1,200,000	-
C03000	Increase in guarantee deposits received	12,330	300
C03100	Decrease in guarantee deposits received	(18,364)	(320)
C04020	Lease principal repayment	(8,937)	(9,250)
C09900	Undrawn overdue dividends payable transferred to capital surplus	-	1
CCCC	Net cash flows from (used in) financing activities	765,129	(9,269)
DDDD	Effects on cash and cash equivalents due to fluctuations in exchange rates	(649)	113
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,217	(20,853)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	85,324	71,448
E00200	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 103,541	\$ 50,595
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE CONSOLIDATED BALANCE SHEET	\$ 103,541	\$ 50,595

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

Six Months Ended June 30, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Zig Sheng Industrial Co., Ltd. (the “Company”) was founded and registered with approval on August 18, 1969 according to the Company Act and other relevant laws and regulations. The principal operating activities of the Company are as following :

- (1) Spinning, weaving, dyeing/finishing, printing, processing, and trading of various filaments, artificial cotton and nylon fiber.
- (2) Production, selling, import/export trading 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 August 4, 2023.

3. Application of New Standards, Amendments, and Interpretations

- 3.1 Effects from application of the newly issued or revised International Financial Reporting Standards endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan) (“FSC”) :

According to FSC Jin-Guan-Zheng-Shen No. 1110382957 Order on July 18, 2022, the Group shall, beginning from 2023, prepare its financial statements and apply the International Financial Reporting Standards, International Accounting Standards, and the related interpretations and announcements released by the International Accounting Standards Board (“IASB”) and endorsed, 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 endorsed by FSC and effective for 2023 :

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
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 Liabilities arising from a Single Transaction”	January 1, 2023

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

3.2 Effects from not yet adopting the newly published, amended or revised International Financial Reporting Standards that have been endorsed and issued into effect by FSC :
None

3.3 Effects from the International Financial Reporting Standards issued by IASB but not yet been endorsed and issued into effect by FSC :

The Group does not adopt the following International Financial Reporting Standards issued by IASB but not yet been endorsed by FSC. The actual effective date for adoption shall be based on FSC regulations.

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
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 12 “International Tax Reform — Pillar Two Model Rules”	May 23, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
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, application of the above standards and interpretations will not have material impact on the consolidated financial position and consolidated financial performance of the Group. The Group will continue to assess the related amounts from these standards and interpretations, and the related assessment results will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

Except for the Statement of Compliance, Basis of Preparation, Basis of Consolidation and newly added sections described as followings, the rest of significant accounting policies are the same as those in Note 4 of the 2022 annual consolidated financial statements. These policies have been consistently applied to all of the reporting periods unless otherwise stated.

4.1 Statement of Compliance

1. These interim Consolidated Financial Statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by FSC. These Consolidated Financial Statements do not include all necessary information that shall be disclosed in the full-year consolidated financial statements prepared according to IFRSs endorsed and issued into effect by FSC.
2. These interim Consolidated Financial Statements shall be read in combination with the 2022 annual consolidated financial statements.

4.2 Basis of Preparation

1. Except for the following material items, the Consolidated Financial Statements have been prepared under the historical cost convention :
 - (1) Financial assets and financial liabilities (including derivative instruments) 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 net value of pension fund assets less present value of defined benefit obligation.
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 items involving a higher degree of judgment or complexity, or items 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

The principles for preparing the Consolidated Financial Statements are the same as those of the 2022 annual consolidated financial statements. Please refer to Note 4.3-1 of the 2022 annual consolidated financial statements.

2. The subsidiaries in the consolidated financial statements :

Investor	Subsidiaries	Main Businesses	Percentage of Ownership		
			2023.6.30.	2022.12.31.	2022.6.30.
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%	100%
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%	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%	100%
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	General import/export trading	100%	100%	100%

Since all of the subsidiaries included in the Consolidated Financial Statements do not meet the definition of material subsidiary, all financial statements of the subsidiaries for the six months ended June 30, 2023 and 2022 were not reviewed by CPA.

3. Increase or decrease in consolidation subsidiaries : None

4. Subsidiaries not included in the consolidated financial statements

As of June 30, 2023, December 31, 2022 and June 30, 2022, the total assets, 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. Nature and degree of 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 \$21,864 thousand , \$16,959 thousand and \$12,393 thousand as of

June 30, 2023, December 31, 2022 and June 30, 2022, respectively, were 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 Defined benefit post-employment benefits

The pension cost during the interim period was computed using the pension cost rate determined by the actuary for the ending date of last year and based on the period covering the beginning of the year until the end of the current period. Adjustments are made to address significant market fluctuations and material amendment, repayment or other significant one-time event of the plan, with relevant information disclosed.

4.5 Income tax

Income tax expense is the summary of the current-period income tax and deferred income tax. The income tax in the interim period is assessed based on annual basis and computed using the applicable tax rate for the expected annual gross profit and on the earnings before tax during the interim period.

5. Major Sources of Critical Accounting Judgments, Estimates and Uncertainties

The major sources of critical accounting judgments, estimates and uncertainties adopted by the Consolidated Financial Statements do not have material change from those of the 2022 annual consolidated financial statements. Please refer to Note 5 of the 2022 annual consolidated financial statements for related information.

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and petty cash	\$ 1, 571	\$ 1, 923	\$ 2, 117
Checking account	27, 441	29, 584	8, 354
Demand deposits	63, 824	48, 968	35, 241
Time deposits with original maturities within 3 months	10, 705	4, 849	4, 883
Total	<u>\$ 103, 541</u>	<u>\$ 85, 324</u>	<u>\$ 50, 595</u>

1. The Group does not have cash and cash equivalents pledged to others.

2. As of June 30, 2023, December 31, 2022 and June 30, 2022, the range of market interest rates for the Group's time deposits with original maturities within 3 months were 1.55% ~ 1.755%, 1.755 and 1.755%.

6.2 FVTPL financial assets - current

Item	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at FVTPL			
Listed stocks	\$ 607,012	\$ 585,178	\$ 689,493
Derivatives - foreign exchange swap	-	471	206
Total	<u>\$ 607,012</u>	<u>\$ 585,649</u>	<u>\$ 689,699</u>

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 (not including derivative instruments) recorded in profit or loss for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were \$102,435 thousand, \$185,346 thousand, \$90,098 thousand and \$245,960 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 June 30, 2023, December 31, 2022 and June 30, 2022, 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) June 30, 2023 : None.				
(2) December 31, 2022 :				
Foreign exchange swap	USD/NTD	USD 4,540/NTD138,978	<u>\$ 471</u>	2023. 1. 3. ~2023. 1. 12.
(3) June 30, 2022 :				
Foreign exchange swap	USD/NTD	USD 4,000/NTD118,700	<u>\$ 206</u>	2022.7.5.~2022.7.13.

The recorded net gain (loss) for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 due to the Group's engagement in derivative contractual transactions were \$2,834 thousand, \$1,121 thousand, \$1,793 thousand and \$3,227 thousand, respectively.

4. The Group does not have FVTPL financial assets - current pledged to others.

6.3 Notes receivable

Item	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 28,403	\$ 128,376	\$ 68,626
Less : Allowance for losses	-	-	-
Net amount	<u>\$ 28,403</u>	<u>\$ 128,376</u>	<u>\$ 68,626</u>

1. All of the Group's notes receivable are not overdue; the expected rate of credit loss is 0%.
2. The Group does not have notes receivable pledged to others.

6.4 Accounts receivable (including related parties)

Item	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	\$ 740, 371	\$ 663, 674	\$ 952, 840
Less : Allowance for losses	–	–	–
Subtotal	740, 371	663, 674	952, 840
Accounts receivable - related parties	14, 841	32, 714	20, 860
Less : Allowance for losses	–	–	–
Subtotal	14, 841	32, 714	20, 860
Net amount	\$ 755, 212	\$ 696, 388	\$ 973, 700

1. The loss allowances for accounts receivable (including related parties) measured according to the provision matrix are as following :

Aging	June 30, 2023			December 31, 2022		
	Total amount	Allowance for losses	Net amount	Total amount	Allowance for losses	Net amount
Not overdue	\$ 751, 856	\$ –	\$ 751, 856	\$ 674, 864	\$ –	\$ 674, 864
Overdue 1 ~ 30 days	2, 155	–	2, 155	18, 191	–	18, 191
Overdue 31 ~ 90 days	1, 169	–	1, 169	2, 857	–	2, 857
Overdue 91 ~ 180 days	32	–	32	476	–	476
Overdue 181 ~ 365 days	–	–	–	–	–	–
Overdue over 365 days	–	–	–	–	–	–
Total	\$ 755, 212	\$ –	\$ 755, 212	\$ 696, 388	\$ –	\$ 696, 388

Aging	June 30, 2022		
	Total amount	Allowance for losses	Net amount
Not overdue	\$ 953, 648	\$ –	\$ 953, 648
Overdue 1 ~ 30 days	19, 112	–	19, 112
Overdue 31 ~ 90 days	927	–	927
Overdue 91 ~ 180 days	13	–	13
Overdue 181 ~ 365 days	–	–	–
Overdue over 365 days	–	–	–
Total	\$ 973, 700	\$ –	\$ 973, 700

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 91 ~ 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. Analysis information for changes in recorded loss allowances on accounts receivable
(including related parties)

Item	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Beginning balance	\$ -	\$ -
Plus : Record impairment loss	-	68
Less : Impairment loss reversal	-	-
Less : Write off uncollectable accounts	-	(68)
Foreign exchange effect	-	-
Ending balance	<u>\$ -</u>	<u>\$ -</u>

4. The Group does not have accounts receivable (including related parties) pledged to others.

6.5 Other receivables

Item	June 30, 2023	December 31, 2022	June 30, 2022
Interest receivable	\$ 61	\$ 205	\$ 163
Dividend receivable	125, 116	-	49, 682
Tax refund receivable	15, 891	-	17, 122
Discount receivable	962	-	695
Government grants receivable	450	550	-
Receivable from capital reduction	-	-	6, 707
Others	1, 516	1, 497	1, 340
Total	<u>\$ 143, 996</u>	<u>\$ 2, 252</u>	<u>\$ 75, 709</u>

6.6 Inventories

Item	June 30, 2023			December 31, 2022		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Raw materials	\$ 454, 916	\$ 41, 341	\$ 413, 575	\$ 383, 320	\$ 41, 342	\$ 341, 978
Supplies	121, 872	-	121, 872	119, 432	-	119, 432
Work in process	128, 648	6, 482	122, 166	122, 280	6, 482	115, 798
Finished goods	1, 442, 322	132, 883	1, 309, 439	1, 287, 693	132, 882	1, 154, 811
Finished goods purchased from outside	27, 603	4, 465	23, 138	34, 114	4, 465	29, 649
In-transit raw materials	33, 898	-	33, 898	119, 092	-	119, 092
Total	<u>\$2, 209, 259</u>	<u>\$ 185, 171</u>	<u>\$2, 024, 088</u>	<u>\$2, 065, 931</u>	<u>\$ 185, 171</u>	<u>\$1, 880, 760</u>

Item	June 30, 2022		
	Cost	Valuation allowance	Book value
Raw materials	\$ 811,174	\$ 7,060	\$ 804,114
Supplies	121,334	12	121,322
Work in process	167,811	1,304	166,507
Finished goods	1,553,282	44,750	1,508,532
Finished goods purchased from outside	61,219	10,520	50,699
In-transit raw materials	69,715	–	69,715
Total	<u>\$2,784,535</u>	<u>\$ 63,646</u>	<u>\$2,720,889</u>

1. Cost of goods sold and other operating costs :

Item	2023.4.1 ~ 6.30	2022.4.1 ~ 6.30	2023.1.1 ~ 6.30	2022.1.1 ~ 6.30
Cost of goods sold	\$ 1,696,906	\$ 2,283,369	\$ 3,425,750	\$ 4,862,830
Plus : Outsourced processing costs	–	2,440	13	3,780
Plus : Unallocated labor and overheads	109,946	89,888	232,433	116,054
Plus : Loss on scrapping of inventories	63	528	138	762
Plus : Loss from price decline of inventories	67,510	–	–	–
Plus : Loss on inventory counts, net	–	2	–	2
Less : Gain from price recovery of inventories	–	(22,248)	–	(55,043)
Less : Scrap sales	(4,477)	(9,771)	(7,999)	(20,102)
Operating costs recorded	<u>\$ 1,869,948</u>	<u>\$ 2,344,208</u>	<u>\$ 3,650,335</u>	<u>\$ 4,908,283</u>

2. For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the Group recorded \$67,510 thousand, (\$22,248) thousand, 0 and (\$55,043) thousand of loss from price decline (gain from price recovery) on net realizable value of inventories, respectively. The gains from price recover mainly arise from sales price recovery or consumption of sluggish stock, while losses from price decline mainly arise from sales price decline or addition of sluggish stocks.

3. The Group does not have inventories pledged to others.

6.7 Prepayments

Item	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments for materials	\$ 13,749	\$ 13,159	\$ 12,663
Prepaid insurance	5,485	891	4,606
Office supplies	2,667	287	298
Input VAT	7,671	3,293	2,929
Excess sales tax paid	384	84	81
Others	6,044	612	1,541
Total	<u>\$ 36,000</u>	<u>\$ 18,326</u>	<u>\$ 22,118</u>

6.8 Other current assets - other

Item	June 30, 2023	December 31, 2022	June 30, 2022
Material borrowing from counterparties	\$ –	\$ 54,790	\$ –

The counterparties of the Group borrowed CPL raw materials from the Group in November 2022 for production scheduling needs with a borrowing agreement; the materials have been returned before the end of March, 2023.

6.9 FVTOCI financial assets – noncurrent

Item	June 30, 2023	December 31, 2022	June 30, 2022
Domestic unlisted stocks			
Lilyent Corp.	\$ 28,812	\$ 28,812	\$ 28,812
Yen Hsing Textile Co., Ltd.	72,626	72,626	72,626
Yi Tong Fiber Co., Ltd.	13,093	13,093	13,093
Chu Sing Industrial Co., Ltd.	700	700	700
Ability I Venture Capital Corp.	–	9,429	14,229
Ability Asia Capital Corp.	16,000	16,000	16,000
Domestic limited partnership			
Ability Asia Capital II	16,990	12,990	13,200
Outstanding Transformation Growth Limited Partnership			
Subtotal	<u>148,221</u>	<u>153,650</u>	<u>158,660</u>
Plus : Valuation adjustment	<u>59,851</u>	<u>41,638</u>	<u>42,398</u>
Net amount	<u>\$ 208,072</u>	<u>\$ 195,288</u>	<u>\$ 201,058</u>

1. The Group's above investments 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. The limited partnerships invested by the Group before June 30, 2023 with expiration, which shall only be extended after the resolution of the partners, are subjected to not apply the retrospective arising from IFRS Q&A Guidance “Classification of Financial Assets of Limited Partnership Investment” announced by Financial Supervisory Commission at June 15, 2023 and remain to be classified as equity instrument at FVTOCI.
3. Using March 9, 2022 as the base date, Ability Asia Capital Corp. reduced its capital by cash and cancelled 38,540 thousand shares of its common shares, totaled \$385,400 thousand, with capital reduction rate of 20%. 400 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$4,000 thousand.
4. Using May 3, 2022 as the base date, Yen Hsing Textile Co., Ltd. reduced its capital by cash and cancelled 12,486 thousand shares of its common shares, totaled \$124,865 thousand, with capital reduction rate of 20%. 1,747 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$17,464 thousand.
5. Using May 15, 2022 as the base date, Yi Tong Fiber Co., Ltd. reduced its capital by cash and cancelled 44,265 thousand shares of its common shares, totaled \$442,649 thousand, with capital reduction rate of 50%. 670 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$6,707 thousand.
6. Using October 21, 2022 and December 30, 2022 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 16,000 thousand shares of its common shares, totaled \$160,000 thousand, with capital reduction rate of 33.73%. 480 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$4,800 thousand.
7. The equity of Ability Asia Capital II Outstanding Transformation Growth Limited Partnership has a capital distribution of \$210 thousand on November 15, 2022 in accordance with the contractual agreement ; The Group made \$40,000 thousand of total investment in the limited partnership during the six months ended June 30, 2023, which accounted for 1.58% of the total subscription amount.

8. The Group sold its stocks of 943 of Ability I Venture Capital Corp. in May 2023 for \$6,111 thousand in total (securities transaction tax extracted).
9. 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.
10. For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the net gain (loss) due to fair-value fluctuations was (\$3,332) thousand, (\$22,961) thousand, \$14,895 thousand and (\$17,769) 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 were (\$3,318) thousand, 0, (\$3,318) thousand and 0, respectively.
11. None of the Group's held FVTOCI financial assets - noncurrent is offered as collateral or pledged to others.

6.10 Investments accounted for using the equity method

1. Invested subsidiaries/Subsidiaries not included in Consolidated Financial Statements

Subsidiaries	June 30, 2023		December 31, 2022		June 30, 2022	
	Book value	Holding %	Book value	Holding %	Book value	Holding %
ZIS Holding Co., Ltd.	\$ -	100%	\$ -	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 at 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 for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were evaluated and recognized according to the reviewed 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., mainly conducts investments in various businesses other than Taiwan region according to instructions by management policies of the parent company. As of June 30, 2023, December 31, 2022 and June 30, 2022, the total assets, 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.

6.11 Property, plant and equipment

Item	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 1,786,837	\$ 1,786,837	\$ 1,786,837
Buildings	2,996,525	2,996,662	2,992,460
Machinery	9,322,991	9,305,352	9,242,621
Transportation equipment	80,754	80,754	81,298
Other equipment	360,193	340,391	340,268
Equipment to be inspected and construction in progress	360,649	81,331	61,132
Total cost	14,907,949	14,591,327	14,504,616
Less : Accumulated depreciation	(10,199,620)	(10,041,472)	(9,868,218)
Less : Accumulated impairment	(2,175)	(2,175)	(2,175)
Net amount	\$ 4,706,154	\$ 4,547,680	\$ 4,634,223

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost :							
2023.1.1. Balance	\$1,786,837	\$2,996,662	\$ 9,305,352	\$ 80,754	\$ 340,391	\$ 81,331	\$14,591,327
Additions	-	883	17,893	-	6,170	222,973	247,919
Disposals	-	(3,400)	(11,333)	-	(1,379)	-	(16,112)
Reclassification (Note)	-	2,380	11,079	-	15,011	56,345	84,815
2023.6.30. Balance	\$1,786,837	\$2,996,525	\$ 9,322,991	\$ 80,754	\$ 360,193	\$ 360,649	\$14,907,949
Accumulated depreciation and impairment :							
2023.1.1. Balance	\$ -	\$1,715,216	\$ 8,030,640	\$ 75,102	\$ 222,689	\$ -	\$10,043,647
Depreciation expense	-	45,438	120,317	928	7,577	-	174,260
Disposals	-	(3,400)	(11,333)	-	(1,379)	-	(16,112)
Reclassification	-	-	-	-	-	-	-
2023.6.30. Balance	\$ -	\$1,757,254	\$ 8,139,624	\$ 76,030	\$ 228,887	\$ -	\$10,201,795

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost :							
2022.1.1. Balance	\$1,786,837	\$2,980,375	\$ 9,379,348	\$ 80,913	\$ 335,014	\$ 64,934	\$14,627,421
Additions	-	7,852	7,783	1,530	1,697	34,966	53,828
Disposals	-	-	(243,831)	(1,280)	(1,022)	-	(246,133)
Reclassification (Note)	-	4,233	99,321	135	4,579	(38,768)	69,500
2022.6.30. Balance	\$1,786,837	\$2,992,460	\$ 9,242,621	\$ 81,298	\$ 340,268	\$ 61,132	\$14,504,616

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Accumulated depreciation and impairment :							
2022.1.1. Balance	\$ -	\$1,617,973	\$ 8,006,830	\$ 75,365	\$ 212,215	\$ -	\$ 9,912,383
Depreciation expense	-	48,918	145,952	859	7,115	-	202,844
Disposals	-	-	(242,532)	(1,280)	(1,022)	-	(244,834)
Reclassification	-	-	-	-	-	-	-
2022.6.30. Balance	\$ -	\$1,666,891	\$ 7,910,250	\$ 74,944	\$ 218,308	\$ -	\$ 9,870,393

Note : The net increase from reclassifications of inventories for the six months ended June 30, 2023 and 2022 were \$24,167 thousand and \$9,562 thousand, respectively ; reclassifications from prepayments for equipment were \$62,446 thousand and \$60,643 thousand, respectively ; reclassifications to intangible assets were \$1,798 thousand and \$705, 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	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Increase in property, plant and equipment	\$ 247,919	\$ 53,828
Plus : Decrease (increase) in payables for equipment	(20,711)	5,796
Cash payment	\$ 227,208	\$ 59,624

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

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
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(4)Other equipment

Office equipment	3~21 years	Others	7~25 years
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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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group recorded \$2,175 thousand of accumulated impairment loss on property, plant and equipment for all of the periods.

6. Please refer to Note 8 for information on property, plant and equipment held by the Group which were pledged to others.

6.12 Leases

1. Right-of-use assets

Item	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	\$ 80,359	\$ 79,506	\$ 79,520
Machinery	93,816	34,868	34,868
Total cost	174,175	114,374	114,388
Less : Accumulated depreciation	(57,538)	(51,135)	(44,469)
Less : Accumulated impairment	—	—	—
Net amount	\$ 116,637	\$ 63,239	\$ 69,919

Item	Buildings	Machinery	Total
Cost :			
2023.1.1. Balance	\$ 79,506	\$ 34,868	\$ 114,374
Addition/Remeasurement	930	58,948	59,878
Disposal/Write-offs	–	–	–
Foreign exchange effect	(77)	–	(77)
2023.6.30. Balance	<u>\$ 80,359</u>	<u>\$ 93,816</u>	<u>\$ 174,175</u>
Accumulated depreciation and impairment :			
2023.1.1. Balance	\$ 23,308	\$ 27,827	\$ 51,135
Depreciation expense	3,151	3,311	6,462
Disposal/Write-offs	–	–	–
Foreign exchange effect	(59)	–	(59)
2023.6.30. Balance	<u>\$ 26,400</u>	<u>\$ 31,138</u>	<u>\$ 57,538</u>

Item	Buildings	Machinery	Total
Cost :			
2022.1.1. Balance	\$ 77,746	\$ 34,717	\$ 112,463
Addition/Remeasurement	1,730	151	1,881
Disposal/Write-offs	–	–	–
Foreign exchange effect	44	–	44
2022.6.30. Balance	<u>\$ 79,520</u>	<u>\$ 34,868</u>	<u>\$ 114,388</u>
Accumulated depreciation and impairment :			
2022.1.1. Balance	\$ 16,974	\$ 20,816	\$ 37,790
Depreciation expense	3,156	3,490	6,646
Disposal/Write-offs	–	–	–
Foreign exchange effect	33	–	33
2022.6.30. Balance	<u>\$ 20,163</u>	<u>\$ 24,306</u>	<u>\$ 44,469</u>

2. Lease liabilities

Item	June 30, 2023		December 31, 2022		June 30, 2022	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Buildings	\$ 3,268	\$ 49,379	\$ 5,776	\$ 51,837	\$ 3,220	\$ 54,645
Machinery	6,616	57,048	7,775	–	7,772	3,596
Total	<u>\$ 9,884</u>	<u>\$106,427</u>	<u>\$ 13,551</u>	<u>\$ 51,837</u>	<u>\$ 10,992</u>	<u>\$ 58,241</u>

Item	Buildings	Machinery	Total
Lease liabilities :			
2023.1.1. Balance	\$ 57,613	\$ 7,775	\$ 65,388
Addition/Remeasurement	930	58,948	59,878
Disposal/Write-offs	–	–	–
Lease principal repayment	(5,878)	(3,059)	(8,937)
Foreign exchange effect	(18)	–	(18)
2023.6.30. Balance	<u>\$ 52,647</u>	<u>\$ 63,664</u>	<u>\$ 116,311</u>

Item	Buildings	Machinery	Total
Lease liabilities :			
2022.1.1. Balance	\$ 61,897	\$ 14,694	\$ 76,591
Addition/Remeasurement	1,730	151	1,881
Disposal/Write-offs	–	–	–
Lease principal repayment	(5,773)	(3,477)	(9,250)
Foreign exchange effect	11	–	11
2022.6.30. Balance	<u>\$ 57,865</u>	<u>\$ 11,368</u>	<u>\$ 69,233</u>

(1) Lease periods and range of discount rates for lease liabilities are shown as below :

Item	Expected lease period (including renewal rights)	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	3～15 years	0.62%～1.61%	0.17%～1.42%	0.17%～1.42%
Machinery	5～10 years	2.07%	1.00%	1.00%

(2) Maturity analysis for the Group's lease liabilities :

Item	June 30, 2023	December 31, 2022	June 30, 2022
Within 1 year	\$ 11,908	\$ 14,389	\$ 11,900
Over 1 year but within 5 years	51,752	22,769	26,820
Over 5 years but within 10 years	60,901	27,626	27,625
Over 10 years but within 15 years	2,762	5,525	8,288
Over 15 years but within 20 years	–	–	–
Over 20 years	–	–	–
Undiscounted total lease payments	<u>\$ 127,323</u>	<u>\$ 70,309</u>	<u>\$ 74,633</u>

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

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, based on the operating lease contracts, the Group recorded rental income of \$8,635 thousand, \$19,125 thousand, \$22,984 thousand and \$38,251 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 6.13-7.

(1) Income and loss items related to lease contracts :

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Short-term lease expense	\$ 159	\$ 149	\$ 315	\$ 292
Low-value-assets lease expense	—	—	—	—
Expense on variable lease payments	—	—	—	—
Total	\$ 159	\$ 149	\$ 315	\$ 292
Interest expense on lease liabilities	\$ 535	\$ 246	\$ 971	\$ 498
Gain (loss) generated from sale and leaseback transactions	\$ —	\$ —	\$ —	\$ —
Gain (loss) generated from amendment of lease transactions	\$ —	\$ —	\$ —	\$ —

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) For the six months ended June 30, 2023 and 2022, the total cash outflows were \$10,223 thousand and \$10,040 thousand, respectively.
- (3) After careful assessment on the right-of-use assets, none of right-of-use assets were impaired.

6.13 Investment properties

Item	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 583,429	\$ 583,429	\$ 583,429
Land improvements	429,330	418,966	418,746
Investment properties under construction	147,635	59,475	52,018
Subtotal	1,160,394	1,061,870	1,054,193
Less : Accumulated depreciation	(370,152)	(367,290)	(364,709)
Less : Accumulated impairment	–	–	–
Net amount	<u>\$ 790,242</u>	<u>\$ 694,580</u>	<u>\$ 689,484</u>

Item	Land	Land improvements	Investment properties under construction	Total
Cost :				
2023.1.1. Balance	\$ 583,429	\$ 418,966	\$ 59,475	\$ 1,061,870
Additions	–	10,364	88,160	98,524
Disposals	–	–	–	–
Reclassification	–	–	–	–
2023.6.30. Balance	<u>\$ 583,429</u>	<u>\$ 429,330</u>	<u>\$ 147,635</u>	<u>\$ 1,160,394</u>
Accumulated depreciation and impairment :				
2023.1.1. Balance	\$ –	\$ 367,290	\$ –	\$ 367,290
Depreciation expense	–	2,862	–	2,862
Disposals	–	–	–	–
Reclassification	–	–	–	–
2023.6.30. Balance	<u>\$ –</u>	<u>\$ 370,152</u>	<u>\$ –</u>	<u>\$ 370,152</u>

Item	Land	Land improvements	Investment properties under construction	Total
Cost :				
2022.1.1. Balance	\$ 583,429	\$ 418,746	\$ 3,631	\$ 1,005,806
Additions	–	–	48,387	48,387
Disposals	–	–	–	–
Reclassification	–	–	–	–
2022.6.30. Balance	<u>\$ 583,429</u>	<u>\$ 418,746</u>	<u>\$ 52,018</u>	<u>\$ 1,054,193</u>
Accumulated depreciation and impairment :				
2022.1.1. Balance	\$ –	\$ 362,136	\$ –	\$ 362,136
Depreciation expense	–	2,573	–	2,573
Disposals	–	–	–	–
Reclassification	–	–	–	–
2022.6.30. Balance	<u>\$ –</u>	<u>\$ 364,709</u>	<u>\$ –</u>	<u>\$ 364,709</u>

1. Additions in this period include non-cash items, its reconciliations with the acquisition of investment properties on the statements of cash flows are shown as following :

Item	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Increase in investment properties	\$ 98,524	\$ 48,387
Less : Increase in payables for investment properties	(27,483)	(48,352)
Cash payment amount	<u>\$ 71,041</u>	<u>\$ 35</u>

2. Amount and range of interest rates of capitalized borrowing cost of investment properties : None

3. Rental income from investment properties and direct operating expenses arising from investment property are shown below :

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Rental income from investment properties	<u>\$ 8,562</u>	<u>\$ 19,104</u>	<u>\$ 22,832</u>	<u>\$ 38,208</u>
Direct operating expenses arising from the investment properties that generated rental income during the period	<u>\$ 3,400</u>	<u>\$ 3,141</u>	<u>\$ 6,596</u>	<u>\$ 6,327</u>
Direct operating expenses arising from the investment properties that did not generate rental income during the period	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

4. 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.

5. After careful assessment by the Group, the investment properties are not impaired.
6. All investment properties held by the Group were self-owned and not pledged to others.
7. Lease agreements – the Group as lessor

The lease contract periods of the Group's 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	June 30, 2023	December 31, 2022	June 30, 2022
1st year	\$ 66, 108	\$ 55, 796	\$ 57, 080
2nd year	66, 468	66, 378	18, 588
3rd year	66, 468	66, 468	18, 948
4th year	66, 644	66, 468	18, 948
5th year	63, 036	66, 908	19, 124
Over 5 years	195, 358	224, 896	214, 834
Total	<u>\$ 524, 082</u>	<u>\$ 546, 914</u>	<u>\$ 347, 522</u>

6.14 Intangible assets

Item	June 30, 2023	December 31, 2022	June 30, 2022
Cost of computer software	\$ 7, 996	\$ 5, 915	\$ 4, 563
Less : Accumulated amortization	(2, 858)	(2, 232)	(1, 463)
Less : Accumulated impairment	–	–	–
Net amount	<u>\$ 5, 138</u>	<u>\$ 3, 683</u>	<u>\$ 3, 100</u>

Item	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Cost of computer software :		
Beginning balance	\$ 5,915	\$ 7,022
Addition – from individual	1,007	829
Disposal / Write-off	(724)	(3,993)
Reclassification (Note)	1,798	705
Ending balance	<u>\$ 7,996</u>	<u>\$ 4,563</u>
Accumulated depreciation and impairment :		
Beginning balance	\$ 2,232	\$ 4,889
Amortization expense	1,350	567
Disposal / Write-off	(724)	(3,993)
Reclassification	–	–
Ending balance	<u>\$ 2,858</u>	<u>\$ 1,463</u>

Note : Net increased amount in reclassification was transferred from property, plant and equipment.

1. The amount of capitalized borrowing cost and range of interest rates 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
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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	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Operating cost	\$ 216	\$ 140	\$ 426	\$ 246
Operating expense				
Sales expense	–	–	–	–
Administration expense	480	123	847	244
R&D expense	39	39	77	77
Subtotal	<u>519</u>	<u>162</u>	<u>924</u>	<u>321</u>
Total	<u>\$ 735</u>	<u>\$ 302</u>	<u>\$ 1,350</u>	<u>\$ 567</u>

6.15 Guarantee deposits paid

Item	June 30, 2023	December 31, 2022	June 30, 2022
Rental deposits – lessee	\$ 285	\$ 286	\$ 285
Deposits for natural gas	17, 506	22, 070	22, 071
Membership deposits	500	500	500
Others	110	111	117
Total	<u>\$ 18, 401</u>	<u>\$ 22, 967</u>	<u>\$ 22, 973</u>

6.16 Other noncurrent assets – other

Item	June 30, 2023	December 31, 2022	June 30, 2022
Long-term prepaid expenses	\$ 974	\$ 1, 365	\$ 1, 776
Pallets	47, 936	48, 392	51, 635
Total	<u>\$ 48, 910</u>	<u>\$ 49, 757</u>	<u>\$ 53, 411</u>

Item	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Other noncurrent assets – other :		
Beginning balance	\$ 49, 757	\$ 47, 202
Addition–from individual	15, 385	21, 535
Amortization expense	(16, 232)	(15, 326)
Ending balance	<u>\$ 48, 910</u>	<u>\$ 53, 411</u>

6.17 Short-term borrowings

Item	June 30, 2023	December 31, 2022	June 30, 2022
Credit loans	<u>\$ 710, 000</u>	<u>\$ 1, 479, 900</u>	<u>\$ 1, 410, 000</u>
Interest rates	<u>1. 76%~1. 77%</u>	<u>0. 95%~1. 75%</u>	<u>0. 52%~1. 24%</u>

The Group issued promising notes by the amounts equal to the above loans to the banks as collaterals for the short-term borrowing contracts.

6.18 Short-term notes and bills payable

Item	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper	\$ 400, 000	\$ 50, 000	\$ 350, 000
Less : Unamortized discount	(289)	(37)	(120)
Net amount	<u>\$ 399, 711</u>	<u>\$ 49, 963</u>	<u>\$ 349, 880</u>
Interest rates	<u>1. 42%~1. 52%</u>	<u>1. 69%</u>	<u>0. 84%~0. 97%</u>

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.

6.19 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	June 30, 2023	December 31, 2022	June 30, 2022
Payroll and bonus payable	\$ 93,025	\$ 134,822	\$ 93,215
Employees compensation payable	–	–	2,508
Directors' and supervisor's remuneration payable	–	–	3,762
Interest payable	1,570	784	648
Insurance payable	16,091	15,265	14,994
Transportation fees payable	4,224	4,796	5,934
Utilities payable	53,819	38,142	50,183
Export fees payable	11,443	9,664	16,178
Processing outsourcing fees payable	297	80	78
Professional service fees payable	1,055	1,325	1,040
Taxes payable	5,199	7,395	5,306
Dividends payable	53,169	–	425,351
Sales tax payable	–	6,477	–
Payables for equipment	49,049	28,338	28,365
Payable for investment properties	27,687	204	48,352
Investment proceeds payable	9,203	4,607	–
Others	22,585	22,322	23,301
Total	<u>\$ 348,416</u>	<u>\$ 274,221</u>	<u>\$ 719,215</u>

6.21 Provisions – current

Item	June 30, 2023	December 31, 2022	June 30, 2022
Employee benefits – paid leaves	<u>\$ 30,421</u>	<u>\$ 27,905</u>	<u>\$ 30,116</u>

- 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	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Beginning balance	\$ 27,905	\$ 25,572
Addition	14,005	13,194
Used amount	(11,489)	(8,650)
Reversal amount	–	–
Ending balance	<u>\$ 30,421</u>	<u>\$ 30,116</u>

6.22 Other current liabilities – other

Item	June 30, 2023	December 31, 2022	June 30, 2022
Receipts under custody	<u>\$ 1,835</u>	<u>\$ 1,972</u>	<u>\$ 3,720</u>

6.23 Long-term borrowings

Item	June 30, 2023	December 31, 2022	June 30, 2022
Secured borrowings	\$ 1,200,000	\$ –	\$ –
Less: current portion	–	–	–
Total	<u>\$ 1,200,000</u>	<u>\$ –</u>	<u>\$ –</u>

1. Information on secured borrowings is as follows:

The credit period of this contract is 3 years with a borrowing amount of \$1.2 billion, which shall not be revolving. Interest is payable monthly from the date of funding, and 30% of the principal shall be repaid upon the end of the second year from the date of contract, after which the remaining principal shall be repaid in January 2026 at maturity. The credit facility is secured by a pledge of the Group's own land, building and construction, and the average balance of demand deposits in the bank granting the credit facility should meet the terms of the loan condition. As of June 30, 2023, the Group has received full amount of the borrowing under this credit facility with the effective interest rates ranging from 1.85% to 1.975% per annum.

2. The Group entered into comprehensive credit facility agreements with various banks and provided IOUs as commitments for repayment of goods. Please refer to Note 8 for the pledge of long-term loans.
3. Please refer to Note 12.3 3-(3) for the maturity analysis of the Group's long-term borrowings.

6.24 Pension benefit plans

Item	June 30, 2023	December 31, 2022	June 30, 2022
Defined benefit plan	\$ 57,370	\$ 68,429	\$ 77,823
Defined contribution plan	5,547	5,440	5,364
Total	<u>\$ 62,917</u>	<u>\$ 73,869</u>	<u>\$ 83,187</u>

1. Defined benefit plan

- (1) The Company of the Group have a defined benefit pension plan in accordance with the “Labor Standards Act”, which applies to service years of all full-time employees prior to the effective date of “Labor Pension Act” on July 1, 2005 and to the subsequent service years of the employees who chose to continue to adopt Labor Standards Act after the effective of “Labor Pension Act”. 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 pension fund deposited in Bank of Taiwan, the trustee, under the name of the independent pension 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) Since there was no significant market fluctuation, shrinkage, repayment or other significant one-time event after the ending date of the previous financial year, the Company measures and discloses the pension cost for the interim periods using the pension cost determined by actuary as of December 31, 2022 and 2021. Please refer to Note 6.24-1 of the 2022 annual consolidated financial statements for details.
- (3) The net amounts of defined benefit pension costs under the above defined benefit plan recognized in profit or loss are shown by function as below :

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Operating cost	\$ 207	\$ 152	\$ 411	\$ 302
Operating expense				
Sales expense	5	5	11	11
Administration expense	12	9	24	20
R&D expense	3	4	8	7
Subtotal	20	18	43	38
Total	\$ 227	\$ 170	\$ 454	\$ 340

2. Defined contribution plan

- (1) The employee pension plan under the “Labor Pension Act” is a defined contribution plan applicable to employees holding R.O.C. citizenship. Pursuant to the plan, to the portion of applicable labor pensions chosen under the Labor Pension Act by the employees, the Company 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 either in a lump sum amount or paid monthly. That is, no additional statutory or presumed obligation to make additional payment after the Company and its domestic subsidiaries make the fixed amounts of monthly contributions to the Bureau of Labor Insurance.
- (2) In accordance with the local government regulations, the Group’s overseas subsidiaries pay pension insurance premiums or make pension fund contributions based on the local employees’ salaries. The pensions of each employee are organized and managed by the governments, and the overseas subsidiaries does not have further obligation except for making the monthly or annual contributions or payments according to the local government regulations.
- (3) The above amounts of pension costs under defined contribution plan recognized in profit or loss are shown by function as below :

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Operating cost	\$ 6,885	\$ 6,709	\$ 13,694	\$ 13,451
Operating expense				
Sales expense	478	443	951	893
Administration expense	604	578	1,212	1,135
R&D expense	352	326	693	657
Subtotal	1,434	1,347	2,856	2,685
Total	\$ 8,319	\$ 8,056	\$ 16,550	\$ 16,136

6.25 Guarantee deposits received

Item	June 30, 2023	December 31, 2022	June 30, 2022
Rental deposits – rent out	\$ 16,560	\$ 22,594	\$ 22,594
Others	700	700	550
Total	<u>\$ 17,260</u>	<u>\$ 23,294</u>	<u>\$ 23,144</u>

6.26 Share capital

Item	June 30, 2023	December 31, 2022	June 30, 2022
Authorized number of shares (thousands of shares)	800,000	800,000	800,000
Authorized capital	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Issued shares with proceeds fully received (thousands of shares)	531,688	531,688	531,688
Raised capital	\$ 5,316,884	\$ 5,316,884	\$ 5,316,884

The par value of each issued common stock is NT\$10, each share has 1 voting right and right of receiving dividend.

6.27 Capital surplus

Item	June 30, 2023	December 31, 2022	June 30, 2022
Additional paid-in capital	\$ 157,149	\$ 210,318	\$ 210,318
Surplus from treasury stock transactions	188,021	188,021	188,021
Uncollected overdue dividends by shareholders	794	794	497
Total	<u>\$ 345,964</u>	<u>\$ 399,133</u>	<u>\$ 398,836</u>

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.

6.28 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, 2022 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 2022 and 2021 earnings have been approved by the board of directors and the shareholders' meetings on June 9, 2023 and June 8, 2022, respectively. The appropriations and dividends per share were as follows :

Distribution item	Appropriation of Earnings		Dividends Per Share(NT\$)	
	For Fiscal Year 2022	For Fiscal Year 2021	For Fiscal Year 2022	For Fiscal Year 2021
Record legal reserve	\$ -	\$ 91,972	\$ -	-
Record (reverse) special reserve	-	-	-	-
Cash dividends	-	425,351	-	\$ 0.80
Stock dividends	-	-	-	-

In addition, on June 9, 2023, the shareholders' annual meeting passed a resolution to distribute cash from capital surplus (NT\$0.1 per common share), totaled NT\$53,169 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.

6.29 Other equity item

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
2023.1.1. Balance	(\$ 424)	\$ 41,638	\$ 41,214
Directly Recognized as other equity adjustment items	(649)	14,895	14,246
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	3,318	3,318
Shares recognized under equity method	–	–	–
Income tax related to other equity items	–	–	–
2023.6.30. Balance	<u>(\$ 1,073)</u>	<u>\$ 59,851</u>	<u>\$ 58,778</u>
Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
2022.1.1. Balance	(\$ 270)	\$ 60,167	\$ 59,897
Directly Recognized as other equity adjustment items	113	(17,769)	(17,656)
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	–	–
Shares recognized under equity method	–	–	–
Income tax related to other equity items	–	–	–
2022.6.30. Balance	<u>(\$ 157)</u>	<u>\$ 42,398</u>	<u>\$ 42,241</u>

The exchange differences generated from translating the functional currencies of net assets of the foreign operations to the reporting currency of the Group (that is, NTD) are directly recognized as exchange differences from translation of foreign operations in other comprehensive income or loss.

6.30 Operating revenue

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Revenue from contracts with customers				
Sales revenue	\$ 1,735,422	\$ 2,550,344	\$ 3,538,278	\$ 5,369,912
Service revenue	–	3,215	18	5,504
Total	<u>\$ 1,735,422</u>	<u>\$ 2,553,559</u>	<u>\$ 3,538,296</u>	<u>\$ 5,375,416</u>

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	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Sales revenue				
Textured yarn	\$ 571,477	\$ 868,657	\$ 1,084,855	\$ 1,789,055
Polyester yarn	4,007	6,712	4,899	9,752
Nylon fiber	245,283	347,411	507,125	703,971
Nylon chips	808,441	1,162,217	1,697,809	2,524,886
Compound materials	111,765	163,515	242,632	339,731
Trading of raw materials	(5,551)	1,832	958	2,517
Subtotal	<u>1,735,422</u>	<u>2,550,344</u>	<u>3,538,278</u>	<u>5,369,912</u>
Service revenue				
Revenue from outsourced manufacturing	–	3,215	18	5,504
Subtotal	<u>–</u>	<u>3,215</u>	<u>18</u>	<u>5,504</u>
Total	<u>\$ 1,735,422</u>	<u>\$ 2,553,559</u>	<u>\$ 3,538,296</u>	<u>\$ 5,375,416</u>

2. Contract balance

The contractual assets and liabilities for the recorded revenue from contracts with customers are as following :

Item	June 30, 2023	December 31, 2022	June 30, 2022
Contractual assets : None			
Contractual liabilities – current			
Sale of goods	<u>\$ 53,510</u>	<u>\$ 75,418</u>	<u>\$ 89,631</u>

(1) Material changes in contractual assets and liabilities

Changes in contract liabilities of the Group as of June 30, 2023 compared to those by the end of last year and to the comparable period last year mainly come from timing differences when the contractual obligations are fulfilled and when the customers make the payment.

(2) Beginning contractual liabilities that are recorded as revenue in this period

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Beginning balance of contractual liabilities that are recorded as revenue in this period				
Sale of goods	\$ 6,176	\$ 4,752	\$ 52,838	\$ 32,770

(3) Fulfilled contractual obligations in the previous period but with the related revenue recorded in this period

For the six months ended June 30, 2023 and 2022, 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 June 30, 2023, December 31, 2022 and June 30, 2022, 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	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Interest on bank deposits	\$ 180	\$ 56	\$ 236	\$ 402

6.32 Other income

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Dividend income	\$ 137,940	\$ 58,150	\$ 137,940	\$ 58,150
Rental income	8,635	19,125	22,984	38,251
Subsidies income	—	—	554	—
Income from scrap sales	2,800	4,054	6,549	10,113
Income from sample sales	1,426	507	2,491	1,324
Income from recovery of packaging materials	653	467	1,319	1,063
Income from sale of renewable energy	5,298	4,002	9,505	6,099
Net income from hydro-material development	16,078	—	16,078	—
Others	451	361	796	769
Total	\$ 173,281	\$ 86,666	\$ 198,216	\$ 115,769

6.33 Other gains and losses

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Net gains (losses) on financial and assets and liabilities at FVTPL	(\$ 99, 197)	(\$ 185, 391)	(\$ 85, 301)	(\$ 242, 267)
Gains (losses) on disposal of property, plant and equipment	-	(164)	-	20, 401
Gains (losses) on disposal of investments	(3, 781)	14	(4, 797)	(3, 487)
Net non-financial foreign currency exchange gains (losses)	13, 273	18, 553	10, 330	36, 302
Direct operating expenses of investment properties	(3, 400)	(3, 141)	(6, 596)	(6, 327)
Depreciation of renewable energy equipment	(1, 494)	(1, 232)	(2, 866)	(2, 464)
Others	(67)	(7)	(175)	(14)
Total	(\$ 94, 666)	(\$ 171, 368)	(\$ 89, 405)	(\$ 197, 856)

6.34 Financial cost

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Interest expense				
Interest on borrowing from financial institutions	\$ 10, 185	\$ 4, 544	\$ 18, 259	\$ 7, 784
Imputed interest on deposits	76	22	159	45
Interest on lease liabilities	535	246	971	498
Other	-	555	-	742
Subtotal	10, 796	5, 367	19, 389	9, 069
Fees related to issuing CP	184	60	288	329
Net financial foreign currency exchange (gains) losses	(3, 227)	(2, 277)	(1, 659)	(6, 693)
Less : Capitalized amount	-	-	-	-
Total	\$ 7, 753	\$ 3, 150	\$ 18, 018	\$ 2, 705

6.35 Employee benefits, depreciation and amortization expense

By nature	2023.4.1~ 6.30.			2022.4.1~ 6.30.		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$170, 036	\$ 33, 013	\$203, 049	\$167, 329	\$ 29, 883	\$197, 212
Labor and health insurance	17, 708	2, 689	20, 397	16, 284	2, 754	19, 038
Pension expense	7, 092	1, 454	8, 546	6, 861	1, 365	8, 226
Other benefits	4, 348	2, 333	6, 681	9, 713	1, 786	11, 499
Depreciation expense (Note)	83, 128	3, 812	86, 940	94, 262	3, 756	98, 018
Amortization expense	8, 315	680	8, 995	7, 657	647	8, 304
Total	\$290, 627	\$ 43, 981	\$334, 608	\$302, 106	\$ 40, 191	\$342, 297

By nature	2023.1.1.~ 6.30.			2022.1.1.~ 6.30.		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$337, 871	\$ 66, 143	\$404, 014	\$349, 472	\$ 64, 124	\$413, 596
Labor and health insurance	35, 134	7, 186	42, 320	32, 594	8, 879	41, 473
Pension expense	14, 105	2, 899	17, 004	13, 753	2, 723	16, 476
Other benefits	9, 764	3, 504	13, 268	17, 072	9, 350	26, 422
Depreciation expense (Note)	170, 494	7, 362	177, 856	199, 512	7, 514	207, 026
Amortization expense	16, 334	1, 248	17, 582	15, 087	806	15, 893
Total	<u>\$583, 702</u>	<u>\$ 88, 342</u>	<u>\$672, 044</u>	<u>\$627, 490</u>	<u>\$ 93, 396</u>	<u>\$720, 886</u>

Note : The depreciation expenses for renewable energy equipment (recorded in property, plant and equipment) for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were \$1,494 thousand, \$1,232 thousand, \$2,866 thousand and \$2,464 thousand, respectively, and recorded as non-operating income and expenses – other ; the depreciation expenses of investment properties for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were \$1,554 thousand, \$1,286 thousand, \$2,862 thousand and \$2,573 thousand, 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 the three months ended June 30, 2023 and for the six months ended June 30, 2023, since the Company had net loss before tax, therefore, no compensation to employees or to directors' and supervisors' remuneration were estimated. For the three months ended June 30, 2022 and for the six months ended June 30, 2022, the Company estimates \$66 thousand and \$2,508 thousand of compensation to employees, respectively and \$99 thousand and \$3,762 thousand of directors' and supervisors' remuneration, respectively. 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 10, 2023 and March 11, 2022, the Company's board of directors had passed resolution to distribute 0 and NT\$21,149 thousand of compensation to employees for 2022 and 2021, respectively ; 0 and \$31,723 thousand of remuneration to directors and supervisors for 2022 and 2021, respectively. The aforementioned distribution amounts are not different from those estimated in 2022 and 2021 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	Long-term borrowings	Lease liabilities	Guarantee deposits received
2023.1.1.	\$1,479,900	\$ 49,963	\$ –	\$ 65,388	\$ 23,294
Net changes in financing cash flows	(769,900)	350,000	1,200,000	(8,937)	(6,034)
Noncash changes – lease addition/remeasurement	–	–	–	59,894	–
Noncash changes - note discounts	–	(252)	–	–	–
Noncash changes - foreign exchange effect	–	–	–	(18)	–
June 30, 2023	<u>\$ 710,000</u>	<u>\$ 399,711</u>	<u>\$1,200,000</u>	<u>\$ 116,311</u>	<u>\$ 17,260</u>
Item	Short-term borrowings	Short-term notes payable	Long-term borrowings	Lease liabilities	Guarantee deposits received
2022.1.1.	\$1,260,000	\$ 499,845	\$ –	\$ 76,591	\$ 23,164
Net changes in financing cash flows	150,000	(150,000)	–	(9,250)	(20)
Noncash changes – lease addition/remeasurement	–	–	–	1,881	–
Noncash changes - note discounts	–	35	–	–	–
Noncash changes - foreign exchange effect	–	–	–	11	–
June 30, 2022	<u>\$1,410,000</u>	<u>\$ 349,880</u>	<u>\$ –</u>	<u>\$ 69,233</u>	<u>\$ 23,144</u>

6.37 Income tax

1. Components of income tax expense (benefit):

(1) Income tax expense recognized in profit or loss

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Current income tax	\$ 49	\$ 32,316	\$ 90	\$ 56,262
Deferred income tax expense (benefit)				
Initial occurrence and reversals of temporarily differences	(11,113)	5,370	(24,248)	16,747
Net (increase) decrease in deferred income tax	(11,113)	5,370	(24,248)	16,747
Adjustments in respect of prior years	–	(449)	–	(449)
Income tax expense (benefit) recognized in profit or loss	(\$ 11,064)	\$ 37,237	(\$ 24,158)	\$ 72,560

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.

(2) Income tax recorded in other comprehensive income or loss : None

2. The Group's domestic income tax returns through 2021 had been assessed and approved by the tax authority.

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.

	2023.4.1~ 6.30.			2022.4.1~ 6.30.		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic loss 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	(\$ 148,702)	531,688	(\$ 0.28)	(\$ 33,817)	531,688	(\$ 0.06)
	2023.1.1~ 6.30.			2022.1.1~ 6.30.		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic loss 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	(\$ 189,300)	531,688	\$(0.36)	\$ 46,677	531,688	\$ 0.09
Effects from potential diluting common shares						
Employees compensation					740	
Diluted earnings per share :						
Net income (loss) attributable to owners of parent company						
After effects from potential diluting common shares				\$ 46,677	532,428	\$ 0.09

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. The transactions between the Group and other related parties are as following :

1. Sales

Related party category	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Company that key management has significant influence	\$ 76,814	\$ 50,726	\$ 130,527	\$ 107,833

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	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Company that key management has significant influence	\$ 460	\$ 237	\$ 709	\$ 457

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	June 30, 2023	December 31, 2022	June 30, 2022
Su, Liao Hsiu Chin and 2 other individuals	\$ 31,044	\$ 32,523	\$ 34,001

(2) Lease liabilities - current

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Su, Liao Hsiu Chin and 2 other individuals	\$ 1,195	\$ 2,824	\$ 1,155

(3) Lease liabilities - noncurrent

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Su, Liao Hsiu Chin and 2 other individuals	\$ 29,108	\$ 30,540	\$ 31,951

(4) Interest expense

Related party category	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Su, Liao Hsiu Chin and 2 other individuals	\$ 119	\$ 129	\$ 237	\$ 257

(5) For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the total amount of rents that the Group had paid to Su, Liao Hsiu Chin and 2 other individuals were \$825 thousand, \$825 thousand, \$1,649 thousand and \$1,649 thousand, respectively.

(6) The Group has signed house lease contracts with Su, Liao Hsiu Chin and 2 other individuals for future years. As of June 30, 2023, December 31, 2022 and June 30, 2022, according to the agreement, the Group had issued post-dated notes (not

listed) of \$2,898 thousand, 0 and 0, respectively, as payments for future transactions.

(7) 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	June 30, 2023	December 31, 2022	June 30, 2022
Company that key management has significant influence	\$ 14,841	\$ 32,714	\$ 20,860

(2) Other receivables

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Yen Hsing Textile Co., Ltd.	\$ –	\$ –	\$ 17,464

Note : Funds receivable for capital reduction, had been fully received on July 1, 2022 in the subsequent period.

(3) Notes payable

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Company that key management has significant influence	\$ –	\$ –	\$ 176

(4) Accounts payable

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Company that key management has significant influence	\$ 477	\$ 39	\$ 48

(5) Other payables

Related party category	June 30, 2023	December 31, 2022	June 30, 2022
Company that key management has significant influence	\$ 344	\$ –	\$ –

5. Others

Item	Related party category	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Sale of defect products	Company that key management has significant influence	\$ 140	\$ 421	\$ 340	\$ 548
Purchase of leftover yarn and empty tubes	Company that key management has significant influence	\$ 327	\$ 236	\$ 507	\$ 474

7.4 Key management compensation

Item	2023.4.1 ~ 6.30.	2022.4.1 ~ 6.30.	2023.1.1. ~ 6.30.	2022.1.1. ~ 6.30.
Salaries and other short-term employee benefits	\$ 5,240	\$ 5,568	\$ 10,580	\$ 14,459
Termination benefits	–	–	–	–
Post-employment benefits	31	18	63	36
Other long-term benefits	–	–	–	–
Share-based payments	–	–	–	–
Total	<u>\$ 5,271</u>	<u>\$ 5,586</u>	<u>\$ 10,643</u>	<u>\$ 14,495</u>

8. Pledged Assets :

Item	Use of collaterals	June 30, 2023	December 31, 2022	June 30, 2022
Land	Collateral for comprehensive credit facility	\$ 372,174	\$ –	\$ –
Buildings	Collateral for comprehensive credit facility	40,251	–	–
Total		<u>\$ 412,425</u>	<u>\$ –</u>	<u>\$ –</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Beside those disclosed in other Notes, the significant contingent liabilities and unrecognized contract commitments held by the Group at the end of the reporting period are as follows:

9.1 Endorsements and guarantees : None

9.2 Guarantee notes issued

As of June 30, 2023, December 31, 2022 and June 30, 2022, due to entering of comprehensive credit contracts, the Group had issued \$900,000 thousand respectively, of guarantee notes to the financial institutions on all of the above dates.

9.3 Guarantee notes received

To ensure collectability for contracts signed, equipment warranty and guarantees for sales contracts, the Group received guarantee notes of \$634,430 thousand, \$693,412 thousand and \$677,138 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

9.4 As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's issued but unused letters of credit are as follows : (Units : Thousand dollars)

Date	Balances of issued yet unused letters of credit
June 30, 2023	NTD372,000、EUR309、USD333、JPY6,500
December 31, 2022	NTD37,000、EUR807、USD4,537、CNY24,000、JPY42,500
June 30, 2022	NTD317,000、EUR486、USD5,791、CNY24,000、JPY42,500

9.5 As of June 30, 2023, December 31, 2022 and June 30, 2022, the significant capital expenditures on property, plant and equipment, etc., committed but not yet paid were NTD227,741 thousand, NTD429,768 thousand and NTD243,943 thousand, respectively.

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 goal, policy and procedures of Group's capital risk management do not have material change in this period and are consistent with those disclosed in the 2022 annual consolidated financial statements. Please refer to Note 12.2 of the 2022 annual consolidated financial statements.

12.3 Financial instruments

1. Types of financial instruments

Financial assets	June 30, 2023	December 31, 2022	June 30, 2022
FVTPL financial assets			
Mandatorily measured at FVTPL	\$ 607, 012	\$ 585, 649	\$ 689, 699
FVTOCI financial assets			
Investments in equity instruments	208, 072	195, 288	201, 058
Financial assets measured at amortized cost			
Cash and cash equivalents	103, 541	85, 324	50, 595
Notes and accounts receivable (including related parties)	783, 615	824, 764	1, 042, 326
Other receivables (including related parties)	143, 996	2, 252	93, 173
Refundable deposits paid	18, 401	22, 967	22, 973
Financial liabilities			
Financial liabilities measured at amortized cost			
Short-term borrowings	710, 000	1, 479, 900	1, 410, 000
Short-term notes payable	399, 711	49, 963	349, 880
Notes and accounts payable (including related parties)	327, 527	384, 008	530, 670
Other payables (including related parties)	348, 760	274, 221	719, 215
Long-term liabilities	1, 200, 000	–	–
Lease liabilities – current and noncurrent	116, 311	65, 388	69, 233
Guarantee deposits received	17, 260	23, 294	23, 144

2. Financial risk management policies

The goal, policy and procedures of Group's financial risk management do not have material change in this period and are consistent with those disclosed in the 2022 annual consolidated financial statements. Please refer to Note 12.3-2 of the 2022 annual consolidated financial statements.

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)	June 30, 2023			December 31, 2022		
	Amount in Foreign Currency	Exchange Rate	In NTD	Amount in Foreign Currency	Exchange Rate	In NTD
Financial assets						
Monetary items						
USD : NTD	\$ 13,426	31.14	\$ 418,086	\$ 8,864	30.71	\$ 272,213
CNY : NTD	5,036	4.2820	21,564	4,244	4.4080	18,708
Financial liabilities						
Monetary items						
USD : NTD	1,278	31.14	39,797	4,588	30.71	140,897
CNY : NTD	4,000	4.2820	17,128	–	–	–
Item (Foreign currency : functional currency)	June 30, 2022					
	Amount in Foreign Currency	Exchange Rate	In NTD			
Financial assets						
Monetary items						
USD : NTD	\$ 15,761	29.72	\$ 468,417			
CNY : NTD	2,220	4.4390	9,855			
Financial liabilities						
Monetary items						
USD : NTD	7,740	29.72	230,033			

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 for the six months ended June 30, 2023 and 2022 would increase/decrease by \$3,062 thousand and \$1,986 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 the six months ended June 30, 2023 and 2022 amounted to \$6,592 thousand and \$1,440 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 \$794 thousand and \$700 thousand for the six months ended June 30, 2023 and 2022, 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 the six months ended June 30, 2023 and 2022 would have increased/decreased by \$6,070 thousand and \$6,897 thousand, respectively ; Equity would have increased/decreased by \$2,081 thousand and \$2,011 thousand, 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.

The goal, policy and procedures of Group's credit risk management do not have material change in this period and are consistent with those disclosed in the 2022 annual consolidated financial statements. Please refer to Note 12.3-3(2) of the 2022 annual consolidated financial statements.

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. For aging analysis for accounts receivable and movements of loss allowance, please refer to Note 6.3 and 6.4 for details.

There is no change in the Group's credit risk exposure of its financial instruments and management and measurement methods for such risks. 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.

(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).

June 30, 2023

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	\$ 214, 733	\$503, 687	\$ -	\$ -	\$ -	\$ 718, 420	\$ 710, 000
Short-term notes payable	400, 000	-	-	-	-	400, 000	399, 711
Notes payable	78, 305	-	-	-	-	78, 305	78, 305
Accounts payable (including related parties)	249, 222	-	-	-	-	249, 222	249, 222
Other payables (including related parties)	299, 926	48, 834	-	-	-	348, 760	348, 760
Long-term borrowings	11, 850	11, 850	380, 441	848, 986	-	1, 253, 127	1, 200, 000

December 31, 2022

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	\$ 710, 979	\$783, 193	\$ -	\$ -	\$ -	\$1, 494, 172	\$1, 479, 900
Short-term notes payable	50, 000	-	-	-	-	50, 000	49, 963
Notes payable	166, 516	-	-	-	-	166, 516	166, 516
Accounts payable (including related parties)	217, 492	-	-	-	-	217, 492	217, 492
Other payables	274, 221	-	-	-	-	274, 221	274, 221

June 30, 2022

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	\$ 616, 598	\$803, 276	\$ –	\$ –	\$ –	\$1, 419, 874	\$1, 410, 000
Short-term notes payable	350, 000	–	–	–	–	350, 000	349, 880
Notes payable (including related parties)	94, 666	–	–	–	–	94, 666	94, 666
Accounts payable (including related parties)	436, 004	–	–	–	–	436, 004	436, 004
Other payables	664, 656	54, 559	–	–	–	719, 215	719, 215

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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group classifies the assets and liabilities based on their nature, characteristics, level of risks and fair value :

June 30, 2023				
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
FVTPL financial assets- current				
Listed stocks	\$ 607, 012	\$ –	\$ –	\$ 607, 012
Financial assets measured at FVTOCI				
– noncurrent				
Non-listed stocks and limited partnership	–	–	208, 072	208, 072
Total	<u>\$ 607, 012</u>	<u>\$ –</u>	<u>\$ 208, 072</u>	<u>\$ 815, 084</u>
December 31, 2022				
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
FVTPL financial assets- current				
Listed stocks	\$ 585, 178	\$ –	\$ –	\$ 585, 178
Derivatives - Foreign exchange swap	–	471	–	471
Financial assets measured at FVTOCI				
– noncurrent				
Non-listed stocks and limited partnership	–	–	195, 288	195, 288
Total	<u>\$ 585, 178</u>	<u>\$ 471</u>	<u>\$ 195, 288</u>	<u>\$ 780, 937</u>
June 30, 2022				
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
FVTPL financial assets- current				
Listed stocks	\$ 689, 493	\$ –	\$ –	\$ 689, 493
Derivatives - Foreign exchange swap	–	206	–	206
Financial assets measured at FVTOCI				
– noncurrent				
Non-listed stocks and limited partnership	–	–	201, 058	201, 058
Total	<u>\$ 689, 493</u>	<u>\$ 206</u>	<u>\$ 201, 058</u>	<u>\$ 890, 757</u>

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 for the six months ended June 30, 2023 and 2022 : None

6. Changes in Level 3 financial instruments for the six months ended June 30, 2023 and 2022

Item	Non-derivative equity instruments – unlisted stocks and limited partnership	
	2023.1.1.	2022.1.1.
	~ 6.30.	~ 6.30.
Beginning balance	\$ 195, 288	\$ 246, 998
Acquisition in this period	4, 000	–
Disposition in this period	(6, 111)	–
Funds returned from capital reduction in this period	–	(28, 171)
Transfer in (out) Level 3	–	–
Recognized in other comprehensive income	14, 895	(17, 769)
Ending balance	<u>\$ 208, 072</u>	<u>\$ 201, 058</u>

7. For the six months ended June 30, 2023 and 2022, 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 June 30, 2023	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments :					
Un-listed stocks	\$ 169, 888	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	38, 184	Asset approach	NA	NA	NA
Total	<u>\$ 208, 072</u>				

Item	Fair value as of December 31, 2022	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments :					
Un-listed stocks	\$ 156, 166	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	39, 122	Asset approach	NA	NA	NA
Total	<u>\$ 195, 288</u>				

Item	Fair value as of June 30, 2022	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments :					
Un-listed stocks	\$ 157, 965	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	43, 093	Asset approach	NA	NA	NA
Total	<u>\$ 201, 058</u>				

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 :

			2023.1.1.~ 6.30.			
Item	Input value	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments :						
Un-listed stocks	Liquidation discount	+1%	\$ -	\$ -	\$ -	(\$ 2, 258)
		-1%	\$ -	\$ -	\$ 2, 258	\$ -
			2022.1.1.~ 6.30.			
Item	Input value	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments :						
Un-listed stocks	Liquidation discount	+1%	\$ -	\$ -	\$ -	(\$ 2, 081)
		-1%	\$ -	\$ -	\$ 2, 081	\$ -

13. Supplementary disclosures

(1) Information on significant transactions, and (2) Information on investees (before consolidation eliminations)

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	End of the period			
					Number of shares/units	Book value	Ownership (%)	Fair value
ZIG SHENG INDUSTRIAL CO., LTD.	Stock	TAINAN SPINNING CO., LTD.	—	Financial assets measured at FVTPL - current	1,040	\$ 17,160	0.06	\$ 17,160
		YI JINN INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	6,911	120,942	2.29	120,942
		LAN FA TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	677	6,181	0.19	6,181
		DE LICACY INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	1,328	20,923	0.35	20,923
		ECLAT TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	303	151,162	0.11	151,162
		Taiwan Synthetic Rubber Corp.	—	Financial assets measured at FVTPL - current	400	10,280	0.05	10,280
		NANYA TECHNOLOGY CORPORATION	—	Financial assets measured at FVTPL - current	60	4,248	—	4,248
		EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	—	Financial assets measured at FVTPL - current	1,630	152,405	0.08	152,405
		CHINA AIRLINES LTD.	—	Financial assets measured at FVTPL - current	1,000	26,200	0.02	26,200
		WAN HAI LINES LTD.	—	Financial assets measured at FVTPL - current	100	5,900	—	5,900
		EVA AIRWAYS CORPORATION	—	Financial assets measured at FVTPL - current	97	3,861	—	3,861
		CAPITAL SECURITIES CORP.	—	Financial assets measured at FVTPL - current	600	8,550	0.03	8,550
		Nan Ya Printed Circuit Board Corporation	—	Financial assets measured at FVTPL - current	300	79,200	0.05	79,200
		Lilyent Corp.	—	Financial assets measured at FVTOCI - noncurrent	2,881	67,823	4.01	67,823
		Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Financial assets measured at FVTOCI - noncurrent	4,890	72,928	13.99	72,928
		Yi Tong Fiber Co., Ltd.	—	Financial assets measured at FVTOCI - noncurrent	671	27,827	1.52	27,827
		Chu Sing Industrial Co., Ltd.	—	Financial assets measured at FVTOCI - noncurrent	29	1,310	3.32	1,310
		Ability Asia Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - noncurrent	1,600	19,360	1.04	19,360
	Limited partnership	Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	—	Financial assets measured at FVTOCI - noncurrent	—	18,824	—	18,824

4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : None

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 :

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable	
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	% to Total
ZIG SHENG INDUSTRIAL CO., LTD.	Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Sales	\$130,527	3.69%	15 days settled monthly	No significant difference	No significant difference	Accounts receivable \$14,841	Accounts receivable 1.91%

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 refer to 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 end of period			Net income (losses) of the investee	Share of profits/losses of investee	Footnote
				End of this period	End of last year	Number of shares (thousand)	Percentage of ownership	Book value			
Zig Sheng Industrial Co., Ltd	ZIS Holding Co., Ltd.	Mauritius	Make various investments outside of Taiwan region following the Parent company's operating policies	\$185, 020	\$185, 020	5, 400	100%	-	-	-	Please refer to Note 6.10 for details
	Nicest Int'L Trading Corp.	Samoa	Make various investments outside of Taiwan region following the Parent company's operating policies	8, 883	8, 883	300	100%	\$17, 957	\$ 1, 227	\$ 1, 858	Include \$631 thousand of 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 international trading	15, 000	15, 000	1, 500	100%	1, 833	(728)	(752)	Include \$24 thousand of 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%	(5, 696)	(700)	(700)	

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	\$ 15, 861	Per agreement based on general market price	0. 45%
			Accounts receivable	21, 560	T/T 90 days settled monthly	0. 22%
			Other income	15, 097	Per agreement based on general market price	0. 43%
			Realized sales gains	90	—	—
			Unrealized sales gains	2, 616	—	0. 07%
	Ding Sheng Material Technology Corporation Limited	Parent to subsidiary	Rental income	48	Per agreed contract	—
	Ding Sheng Material Technology Corporation	Parent to subsidiary	Sales revenue	6, 689	Per agreement based on general market price	0. 19%
			Accounts receivable	14, 061	T/T 180 days settled monthly	0. 14%
			Realized sales gains	331	—	0. 01%
			Unrealized sales gains	62	—	—
Suzhou Hongsheng Trading Co., Ltd.	Zig Sheng Industrial Co., Ltd.	Subsidiary to parent	Other income	379	Per agreement based on general market price	0. 01%
			Other receivables	104	T/T 90 days settled monthly	—
Ding Sheng Material Technology Corporation Limited	Zig Sheng Industrial Co., Ltd.	Subsidiary to parent	Prepayments	50	Per agreed contract	—

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)	(\$23, 337)	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, 227	100.00%	\$1,227 Note (2)	\$19,918 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)		\$3, 816, 689								

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

2023.6.30.

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 meets 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 and Note 4 of 2022 annual consolidated financial statements.

(5) Financial Information for Business Divisions

1. 2023.1.1 ~ 6.30 and 2023.6.30

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	\$ 1,597,101	\$ 1,913,948	\$ 27,247	\$ –	\$ 3,538,296
Revenue among segments	–	810,246	–	(810,246)	–
Total revenue	<u>\$ 1,597,101</u>	<u>\$ 2,724,194</u>	<u>\$ 27,247</u>	<u>(\$ 810,246)</u>	<u>\$ 3,538,296</u>
Segment profit (loss)	<u>(\$ 204,189)</u>	<u>(\$ 82,787)</u>	<u>(\$ 761)</u>	<u>(\$ 16,750)</u>	<u>(\$ 304,487)</u>
Non-operating income and expenses					91,029
Before-tax income (loss) from continuing operations					<u>(\$ 213,458)</u>
Segment profit (loss) includes :					
Depreciation and amortization	\$ 117,034	\$ 37,727	\$ 740	\$ 39,937	\$ 195,438
Segment assets	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 9,768,161</u>	<u>\$ 9,768,161</u>
Segment liabilities	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 3,407,012</u>	<u>\$ 3,407,012</u>

2. 2022.1.1.~ 6.30. and June 30, 2022

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	\$ 2,508,690	\$ 2,831,760	\$ 34,966	\$ -	\$ 5,375,416
Revenue among segments	-	1,299,187	79	(1,299,266)	-
Total revenue	\$ 2,508,690	\$ 4,130,947	\$ 35,045	(\$ 1,299,266)	\$ 5,375,416
Segment profit (loss)	\$ 165,439	\$ 36,025	(\$ 624)	\$ 2,787	\$ 203,627
Non-operating income and expenses					(84,390)
Before-tax income (loss) from continuing operations					\$ 119,237
Segment profit (loss) includes :					
Depreciation and amortization	\$ 120,356	\$ 54,626	\$ 694	\$ 47,243	\$ 222,919
Segment assets	\$ -	\$ -	\$ -	\$10,416,689	\$10,416,689
Segment liabilities	\$ -	\$ -	\$ -	\$ 3,502,708	\$ 3,502,708

3. Explanation for adjustments (reconciliations) 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 adjustments (reconciliations) and write-offs.