Stock Code:1455

Zig Sheng Industrial Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
and Independent Auditors’ Report

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Zig Sheng Industrial Co., Ltd.

2023 Parent Company Only Financial Statements

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Independent Auditors' Report

To: Zig Sheng Industrial Co., Ltd.

Opinion

We have audited the parent company only financial statements of Zig Sheng Industrial Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies (together "Parent Company Only Financial Statements").

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

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

For the accounting policies regarding revenue recognition, please refer to Note 4.31 of the Parent Company Only Financial Statements; for illustration to the revenue items, please refer to disclosure in Note 6.31 of the Parent Company Only Financial Statements.

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

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

Valuation of inventories

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

For the accounting policies regarding inventories, please refer to Note 4.14 of the Parent Company Only Financial Statements; for illustration to the inventory items, please refer to disclosure in Note 6.6 of the Parent Company Only Financial Statements. Our key audit procedures performed in respect of the above area included the following:

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether any material uncertainty exists in the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Parent Company Only Financia1 Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Company. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to affect our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

Zig Sheng Industrial Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
11xx	Current Assets	$ 4,061,819	40	$ 3,429,253	37
1100	Cash and cash equivalents (Note 6.1)	120,678	1	59,634	1
1110	Financial assets at FVTPL – current (Note 6.2)	721,420	7	585,649	6
1150	Notes receivable, net (Note 6.3)	102,957	1	128,376	1
1170	Accounts receivable, net (Note 6.4)	1,217,162	12	644,520	7
1180	Accounts receivable - related parties (Note 6.4,7)	40,910	1	66,779	1
1200	Other receivables (Note 6.5)	10,877	-	2,040	-
1220	Current-period income tax assets (Note 6.38)	25	-	3	-
1310	Inventories, net (Note 6.6)	1,783,595	17	1,869,307	20
1410	Prepayments (Note 6.7)	41,967	1	18,155	-
1479	Other current assets - other (Note 6.8)	22,228	-	54,790	1
15xx	Noncurrent Assets	6,246,689	60	5,752,213	63
1517	Financial assets at FVTOCI – noncurrent (Note 6.9)	180,826	2	195,288	2
1550	Investments accounted for using equity method (Note 6.10)	26,816	-	21,589	-
1600	Property, plant and equipment (Note 6.11)	4,757,528	46	4,547,680	50
1755	Right-of-use assets (Note 6.12)	109,730	1	63,080	1
1760	Investment properties, net (Note 6.13)	830,491	8	694,580	7
1780	Intangible assets (Note 6.14)	4,301	-	3,683	-
1840	Deferred income tax assets (Note 6.38)	140,159	1	78,825	1
1915	Prepayments for equipment	131,608	1	74,901	1
1920	Refundable deposits (Note 6.15)	18,296	-	22,830	-
1990	Other noncurrent assets – other (Note 6.16)	46,934	1	49,757	1
1xxx	Total Assets	$ 10,308,508	100	$ 9,181,466	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
21xx	Current Liabilities	$ 2,489,172	24	$ 2,305,570	25
2100	Short-term borrowings (Note 6.17)	910,000	9	1,479,900	16
2110	Short-term notes and bills payable (Note 6.18)	579,909	6	49,963	1
2120	Financial liabilities at FVTPL – current (Note 6.19)	384	-	-	-
2130	Contractual liabilities – current (Note 6.31)	31,223	-	75,407	1
2150	Notes payable (Note 6.20)	174,111	2	166,516	2
2170	Accounts payable (Note 6.20)	466,950	4	217,119	2
2180	Accounts payable - related parties (Note 7)	126	-	39	-
2200	Other payables (Note 6.21)	281,707	3	273,259	3
2220	Other payables - related parties (Note 7)	64	-	99	-
2250	Provisions - current (Note 6.22)	28,988	-	27,905	-
2280	Lease liabilities - current (Note 6.12)	12,264	-	13,391	-
2399	Other current liabilities – other (Note 6.23)	3,446	-	1,972	-
25xx	Noncurrent Liabilities	1,512,980	15	286,524	3
2540	Long-term borrowings (Note 6.24)	1,200,000	12	-	-
2570	Deferred income tax liabilities (Note 6.38)	137,395	1	137,524	1
2580	Lease liabilities - noncurrent (Note 6.12)	100,367	1	51,837	1
2640	Net defined benefit liability - noncurrent (Note 6.25)	57,808	1	73,869	1
2645	Guarantee deposits received (Note 6.26)	17,410	-	23,294	-
2xxx	Total Liabilities	4,002,152	39	2,592,094	28
31xx	Equity				
3100	Share capital (Note 6.27)	5,316,884	52	5,316,884	58
3110	Common shares	5,316,884	52	5,316,884	58
3200	Capital surplus (Note 6.28)	346,343	3	399,133	4
3300	Retained earnings (Note 6.29)	590,025	5	832,141	9
3310	Legal reserve	341,448	3	341,448	4
3320	Special reserve	321,614	3	321,614	3
3350	Unappropriated retained earnings (accumulated deficit)	(73,037)	(1)	169,079	2
3400	Other equity interest (Note 6.30)	53,104	1	41,214	1
3410	Exchange differences from translation of foreign operations	(967)	-	(424)	-
3420	Unrealized gains or losses on financial assets at FVTOCI	54,071	1	41,638	1
3xxx	Total Equity	6,306,356	61	6,589,372	72
3x2x	Total Liabilities and Equity	$ 10,308,508	100	$ 9,181,466	100

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

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Item	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Note 6.31)	$ 7,725,525	100	$ 9,276,122	100
5000	Operating costs (Note 6.6, 6.36)	(7,878,484)	(102)	(9,078,384)	(98)
5900	Gross profit (loss) from operations	(152,959)	(2)	197,738	2
5910	Unrealized sales benefit (Note 6.10)	(1,487)	-	(421)	-
5920	Realized sales benefit (Note 6.10)	421	-	1,370	-
5950	Gross profit (loss) from operations - net	(154,025)	(2)	198,687	2
6000	Operating expenses (Note 6.36)	(357,964)	(5)	(448,921)	(5)
6100	Selling expenses	(203,300)	(3)	(293,621)	(3)
6200	Administrative expenses	(93,585)	(1)	(99,450)	(1)
6300	Research and development expenses	(61,079)	(1)	(55,782)	(1)
6450	Loss on expected credit impairment (Note 6.4)	-	-	(68)	-
6900	NET OPERATING INCOME (LOSS)	(511,989)	(7)	(250,234)	(3)
	Non-operating income and expenses				
7100	Interest income (Note 6.32)	241	-	69	-
7010	Other income (Note 6.33)	267,239	3	209,632	2
7020	Other gains and losses (Note 6.34)	(21,930)	-	(235,779)	(2)
7050	Finance costs (Note 6.35)	(36,538)	-	(9,465)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6.10)	1,019	-	(415)	-
7000	Total non-operating income and expenses	210,031	3	(35,958)	-
7900	Income (Loss) Before Income Tax From Continuing Operations	(301,958)	(4)	(286,192)	(3)
7950	INCOME TAX BENEFIT (Note 6.38)	61,802	1	4,398	-
8200	NET INCOME (LOSS)	(240,156)	(3)	(281,794)	(3)
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized measurement gains or losses on equity instruments measured at FVTOCI (Note 6.9)	9,115	-	(18,529)	-
8311	Remeasurements of defined benefit liability (Note 6.25)	1,697	-	5,740	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.38)	(339)	-	(1,148)	-
8310	Total items that will not be reclassified subsequently to profit or loss	10,473	-	(13,937)	-
	Items that may be reclassified subsequently to profit or loss (Note 6.10)				
8381	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	(543)	-	(154)	-
8360	Total items that may be reclassified subsequently to profit or loss	(543)	-	(154)	-
8300	Total other comprehensive income (loss) for the year, net of income tax	9,930	-	(14,091)	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	($ 230,226)	(3)	($ 295,885)	(3)
	EARNINGS PER SHARE – COMMON SHARES (NT$) (Note 6.39)				
9750	Basic loss per share	($ 0.45)		($ 0.53)	

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

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings (accumulated deficit)	Other Equity: Exchange differences from translation of foreign operations	Other Equity: Unrealized gains or losses on financial assets at FVTOCI	Total Equity
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 earnings:								
B1	Set aside legal reserve	-	-	91,972	-	(91,972)	-	-	-
B5	Cash dividends - common shares	-	-	-	-	(425,351)	-	-	(425,351)
C17	Unclaimed overdue dividends by shareholders	-	298	-	-	-	-	-	298
D1	Net loss for 2022	-	-	-	-	(281,794)	-	-	(281,794)
D3	Other comprehensive income, net of tax, for 2022	-	-	-	-	4,592	(154)	(18,529)	(14,091)
Z1	Balance, December 31, 2022	$ 5,316,884	$ 399,133	$ 341,448	$ 321,614	$ 169,079	($ 424)	$ 41,638	$ 6,589,372
A1	Balance on 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)
C17	Unclaimed overdue dividends by shareholders	-	379	-	-	-	-	-	379
D1	Net loss for 2023	-	-	-	-	(240,156)	-	-	(240,156)
D3	Other comprehensive income, net of tax, for 2023	-	-	-	-	1,358	(543)	9,115	9,930
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	(3,318)	-	3,318	-
Z1	Balance, December 31, 2023	$ 5,316,884	$ 346,343	$ 341,448	$ 321,614	($ 73,037)	($ 967)	$ 54,071	$ 6,306,356

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

Zig Sheng Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Item	2023	2022
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES：		
A00010	Net profit (loss) before tax from continuing operations	($ 301,958)	($ 286,192)
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)	360,552	403,232
A20200	Amortization expense	36,471	32,496
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(16,138)	212,899
A20900	Interest expense	34,901	20,706
A21200	Interest income	(241)	(69)
A21300	Dividend income	(142,283)	(82,022)
A22400	Share of losses(profits) of subsidiaries, associates, and joint ventures under equity method	(1,019)	415
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	(73)	(22,291)
A23100	Net loss (gain) from disposal of investments	5,561	89,986
A23900	Unrealized sales benefit	1,487	421
A24000	Realized sales benefit	(421)	(1,370)
A20010	Total income/gain or expense/loss items not affecting cash flows	278,797	654,403
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(129,417)	20,365
A31130	Decrease (increase) in notes receivable	25,419	141,394
A31150	Decrease (increase) in accounts receivable	(572,642)	638,772
A31160	Decrease (increase) in accounts receivable – related parties	20,052	11,220
A31180	Decrease (increase) in other receivables	(8,837)	5,471
A31200	Decrease (increase) in inventories	23,430	348,927
A31230	Decrease (increase) in prepayments	(23,812)	29,232
A31240	Decrease (increase) in other current assets - other	32,562	(54,790)
A32125	Increase (decrease) in contractual liabilities	(44,184)	21,051
A32130	Increase (decrease) in notes payable	7,595	(51,361)
A32150	Increase (decrease) in accounts payable	249,831	(406,922)
A32160	Increase (decrease) in accounts payable – related parties	87	(43)
A32180	Increase (decrease) in other payables	(17,469)	(124,626)
A32190	Increase (decrease) in other payables – related parties	(35)	29
A32200	Increase (decrease) in provisions	1,083	2,333
A32230	Increase (decrease) in other current liabilities - other	1,474	368
A32240	Increase (decrease) in net defined benefit liabilities	(14,364)	(24,169)
A30000	Total changes in operating assets and liabilities	(449,227)	557,251
A33000	Cash generated from (used in) operations	(472,388)	925,462
A33100	Interest received	241	69
A33200	Dividend received	142,283	82,022
A33300	Interest paid	(33,812)	(20,121)
A33500	Income taxes paid	(22)	(31,053)
AAAA	Net cash flows from (used in) operating activities	(363,698)	956,379

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Code	Item	2023	2022
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	21,466	33,181
B02700	Acquisition of property, plant and equipment	(394,352)	(147,567)
B02800	Disposal of property, plant and equipment	253	22,455
B03700	Increase in refundable deposits	(30)	(2)
B03800	Decrease in refundable deposits	4,564	502
B04500	Acquisition of intangible assets	(1,726)	(2,181)
B05400	Acquisition of investment properties	(140,039)	(55,860)
B06700	Increase in other noncurrent assets - other	(30,742)	(33,715)
B07100	Increase in prepayments for equipment	(126,484)	(87,070)
BBBB	Net cash flows from (used in) investing activities	(664,979)	(270,257)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES: (Note 6.37)		
C00100	Increase in short-term borrowings	7,678,435	12,122,342
C00200	Decrease in short-term borrowings	(8,248,335)	(11,902,442)
C00500	Increase in short-term notes and bills payable	2,480,000	2,450,000
C00600	Decrease in short-term notes and bills payable	(1,950,000)	(2,900,000)
C01600	Proceeds from long-term debt	1,200,000	-
C03000	Increase in guarantee deposits received	900	750
C03100	Decrease in guarantee deposits received	(6,784)	(620)
C04020	Lease principal repayments	(11,705)	(12,613)
C04500	Distribution of cash dividends	(53,169)	(425,351)
C09900	Undrawn overdue dividends payable transferred to capital surplus	379	298
CCCC	Net cash flows from (used in) financing activities	1,089,721	(667,636)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	61,044	18,486
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,634	41,148
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 120,678	$ 59,634
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	$ 120,678	$ 59,634

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

Zig Sheng Industrial Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 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 on August 18, 1969. The principal operating activities of the Company are as following:

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

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

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

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

The Company is its own ultimate parent company.

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

2. The Authorization of Financial Statements

The accompanying Parent Company Only Financial Statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. Application of Newly Issued Standards and Amended Standards, 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 Company shall, beginning from 2023, prepare its financial statements, 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 in 2023:

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures 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
Amendments to IAS 12 “International Tax Reform － Pillar Two Model Rules”	May 23, 2023

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

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

The following summarizes the newly published, amended or revised IFRSs that are endorsed by FSC and effective in 2024:

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements "	January 1, 2024

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

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

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

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
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 21 "Lack of Exchangeability"	January 1, 2025
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 do not have material impact on the financial position and financial performance of the Company. The Company will continue to assess the amount of the relevant impact from the above standards and interpretations and the related assessment results will be disclosed upon completion.

4. Summary of Significant Accounting Policies

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

4.1 Statement of compliance

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

4.2 Basis of preparation

1. Except for the following material items, these Parent Company Only Financial Statements have been prepared under the historical cost convention:
   (1) Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss (“FVTPL”).
   (2) Financial assets measured at fair value through other comprehensive income (“FVTOCI”).
   (3) Liabilities on cash-settled share-based payment arrangements measured at fair value.
   (4) Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Parent Company Only Financial Statements are disclosed in Note 5.
3. When the Company prepares the Parent Company Only Financial Statements, the equity method is adopted to account for investments in subsidiaries, associates and joint ventures. In order to make the current-period profit (loss), other comprehensive income (loss) and equity in the Parent Company Only Financial Statements to be consistent with those attributed to the Company in the Company’s Parent Company Only Financial Statements, the various differences in accounting treatments under stand-alone and consolidated basis are adjusted in the “Investments under equity method”, “Share of profits of subsidiaries, associates, and joint ventures under equity method”, “Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method” and other related equity items.

4.3 Foreign currency exchange

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

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

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

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

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

4.4 Classification standards for current and noncurrent assets and liabilities

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

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

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

4.5 Cash and cash equivalents

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

4.6 Financial instruments

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

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

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

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

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

1. Refers to the irrevocable choice made at initial recognition to report the changes in fair value of non-trading purpose equity instrument investments in other comprehensive income, or debt instrument investments that meet the following conditions:
   (1) Hold the financial assets under the business model of holding for the purpose of collecting contractual cash flows and for sale.
   (2) The cash flows generated on the specified date are fully for payment of principal and interests of outstanding principal.
2. Transaction date accounting is adopted for recording customary transactions of FVTOCI financial assets.
3. FVTOCI financial assets are initially measured at fair value, plus transaction costs and subsequently measured at fair value:
   (1) The changes in fair value of equity instruments are recognized in other comprehensive income. Upon de-recognition, the accumulated gains or losses previously recognized in other comprehensive income may not be subsequently reclassified to profit or loss, but should be transferred to retained earnings. When the right to receive dividends is established, the related economic benefits related to the dividends is very likely to flow in, and the amount of dividends could be reliably measured, the Company recognizes the dividend income in profit or loss.

(2) The changes in fair value of debt instruments are recognized in other comprehensive income. Upon de-recognition, the impairment losses, interest income, foreign exchange gains or losses prior to de-recognition are recorded in profit or loss, and the accumulated gains or losses previously recognized in other comprehensive income are transferred from equity to profit or loss.

4.9 Financial assets measured at amortized cost

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

4.10 Accounts and notes receivable

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

4.11 Impairment of financial assets

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

4.12 Derecognition of financial assets

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

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

4.13 Lease payments receivable / Operating lease (lessor)

1. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
   (1) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease payments receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between the gross investment in the lease and the present value of the gross investment is recognized as unearned finance income.
   (2) The lessor should allocate finance income over the lease term on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
   (3) Lease payments relating to the lease period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
2. An operating lease is a lease other than a finance lease. For operating leases, lease payments, net of any incentives given to the lessee, are recognized as an expense on a straight-line basis over the lease term.

4.14 Inventories

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

4.15 Subsidiaries and investments accounted for using the equity method

1. Subsidiaries are all entities (including structural entities) over which the Company has control. When the Company is exposed to variable rewards from participation in the entity or has rights to the variable rewards and has power to influence the rewards through its power over the entity, the Company controls the entity. Investments in

subsidiaries are recognized at cost and are accounted for using the equity method, including the identified goodwill at the time of acquisition, after subtracting any accumulated impairment loss occurred in subsequent assessments.

2. The Company's share of its subsidiaries' profit or loss after the date of acquisition is recognized in the Company's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Company's other comprehensive income. When the Company's share of losses of its subsidiaries equals or exceeds its interest in the subsidiaries, the Company continues to recognize its share of losses.
3. Unrealized gains or losses on downstream transactions between the Company and its subsidiaries are eliminated in the Parent Company Only Financial Statements. The gains or losses generated from upstream or sidestream transactions are recognized in the Parent Company Only Financial Statements within the scope that the Company's equity interests in the subsidiaries are not related. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
4. When a subsidiary incurs changes in equity that does not related profit (loss) or other comprehensive income and does not affect the Company's ownership percentage in the subsidiary, the Company records its share of the equity changes as "Capital Surplus" proportionate to its ownership percentage.
5. When the Company's changes of shareholding in a subsidiary does not lead to loss of control (transaction with non-controlling interests), it is treated as equity transaction, that is, transaction with shareholders. The amount of difference between the adjustment amount in non-controlling interests and the fair value of the consideration received or paid is directly recognized as equity.
6. Upon loss of control over a subsidiary, the Company remeasures any retained investment in the former subsidiary at its fair value, which then becomes the initial recognition cost of financial assets at fair value or investments in associates or joint ventures. Any difference between the fair value and carrying amount is recognized in profit or loss. For all the amounts previously recognized as other comprehensive income and related to the subsidiary, the basis of accounting treatment is the same as if the Company disposes of the related assets or liabilities. That is, if the gains or losses previously recorded as other comprehensive income (loss) would be reclassified to profit or loss upon disposal of the related assets or liabilities, then, upon loss of control over the subsidiary, the gains or losses would be reclassified to profit or loss from equity.
7. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit or loss, other comprehensive income and shareholders' equity in the Parent Company Only Financial Statements should be consistent with those allocated to the parent company shareholder in the financial statements prepared based on consolidated basis.

4.16 Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the various components of property, plant and equipment are significant, they are depreciated individually.
4. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

4.17 Lease agreements (lessee) – Right-of-use assets / Lease liabilities

1. Leased assets are recorded as right-of-use assets and lease liabilities on the date when available for use by the Company. When lease contracts are of short-term or leases for low-value lease assets, lease payments are recorded as expenses on straight-line basis over the lease period.
2. Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantial fixed payments, variable lease payments determined by indices or fee rates, expected amount of payment by lessee under residual-value guarantee, price of reasonably expected execution price for purchasing the right-of-use asset, and expected termination penalty from execution of option to terminate the lease by the lessee during the lease period, less the lease incentive received). Lease liabilities are subsequently measured at amortized costs using the effective interest method, and interest expenses are allocated among the lease periods. If there is change in future lease payment due to change in assessment of lease period and purchase option of underlying asset, change in expected amount of payment by lessee under residual-value guarantee, or change in indices or fee rates used to determine lease payments, the Company will re-measure the lease liabilities and adjust the right-of-use assets accordingly.
3. Right-of-use assets are initially recognized at cost, including the initial measurement amount of lease liabilities, then subsequently measured at the amount of costs. Depreciation for right-of-use asset is recognized based on either the economic useful life or the lease period, whichever is earlier. If the lease liabilities are re-assessed, then adjust the remeasurement amount of the lease liabilities.

4.18 Investment properties

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

4.19 Intangible assets

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

4.20 Impairment of non-financial assets

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

4.21 Borrowings

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

4.22 Accounts payable and notes payable

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

4.23 FVTPL financial liabilities

1. Financial liabilities held for trading are those incurred principally for the purpose of selling or repurchasing in the near term and those derivatives other than those designated as hedging instruments under hedge accounting. Financial liabilities are initially designated as FVTPL financial liabilities. When financial liabilities meet one of the following conditions, the Company will assign them as measured at fair value through profit or loss upon initial recognition：
   (1) They are hybrid (combined) contracts with embedded derivative instruments and the main contract is not an asset within the scope of IFRS 9; or
   (2) They eliminate or significantly reduce measurement or recognition inconsistencies ; or
   (3) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
2. FVTPL financial liabilities are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

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

4.24 Non-hedging derivative instruments and embedded derivative instruments

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

4.25 Provisions

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

4.26 Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

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

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

4.27 Financial liabilities and equity instruments

1. Classification as financial liabilities or equity instruments

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

2. Equity instruments

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

3. Financial liabilities

   Financial liabilities other than those held for trading purposes and those not designated to be measured at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

4. Derecognition of financial liabilities

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

5. Offsetting financial assets and financial liabilities

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

4.28 Share capital

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

4.29 Share-based payments

1. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity

instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

2. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.30 Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Parent Company Only balance sheet. However, the deferred tax is not recognized if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (tax loss), or doesn't give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
7. The difference between the Company's income tax estimation in prior years and the assessed adjustments by the tax authorities are recorded as income tax adjustment items in the current period.

4.31 Revenue recognition

After the Company identifies the contractual obligations with the customers, the transaction prices are allocated to the respective contractual obligations, and revenue is recognized when the respective contractual obligations are fulfilled.

1. Sale of goods
   (1) The Company manufactures and sells fiber and products related to petrochemical materials. Revenue is recognized upon transferring control of the products to the customers, that is, when the products are handed to the customers. The customers have discretionary power over the sales channel and price, and, after the products are handed to the customers, the Company does not have further unfulfilled contractual obligation which may affect the acceptance of the products by the customers. When the products are delivered to the designated location, the risk of obsolete, outdated and loss of the products has been transferred to the customers, and when the customers accept the products per sales contracts, or when there is objective evidence proving all of the acceptance standards are satisfied, the handover of the products have occurred.
   (2) Revenue from sale of fiber and products related to petrochemical materials is recognized at net amount of the contract price, less the estimated discounts and other similar allowances. The amount of Recognized revenue is limited to extent that it is highly possible that it would not be materially reversed, and the estimation is updated on each balance sheet date. The estimated discount payable to customers and other similar allowance as of the balance sheet date are recorded as refund liabilities.
   (3) The Company offers standard warranty for its sold products, bears the obligation to refund for defects and recognizes provisions upon selling of the products.

(4) Accounts receivable are recognized when the products are handed to the customers, because from then on, the Company has un-conditional right to the contact price, and it is just a matter of time to collect the consideration from the customers. The unearned receipts before the goods arrive are recorded as contractual liabilities.

(5) The collection terms of the sales contracts that the Company signed with the customers are consistent with those of the market normal practices. Therefore, it is determined that the contracts do not contain material financial component. As for the contracts where with the time span from transferring the committed products or services to the collection of consideration within one year, the material financial components are not adjusted to and the time value of currency is not reflected on the transaction price.

(6) Although the incremental costs generated from the Company's intent to obtain contracts with the customers are expected to recover, due to that the contract duration is shorter than one year, those costs are recorded as expenses when they occur.

(7) When processing materials supplied by the customers, since the control of ownership of the processed products is not transferred, no revenue is recognized when the materials are delivered.

2. Provision of services

The Company's provided services mainly consist of consigned processing services for customers, and revenue is recognized when the committed services are transferred to the customers (that is, when the customers obtain control over the assets) and when there is no further obligation.

4.32 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. If the purpose of the grants is to provide the Company with immediate financial support and without future related cost, then the grants are recorded in profit or loss in the period when they are receivable. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

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

Since the results of the Parent Company Only Financial Statements are affected by the adopted accounting policies, accounting estimates, assumptions and other factors, when the Company adopts the material accounting policies in Note 4, regarding information that cannot be easily obtained from other sources and may lead to material misstatement in the Parent Company Only Financial Statements, the management has to utilize appropriate professional judgement, estimates, and assumptions. The Company's estimates and the related assumptions are the best estimates made according to the effective IFRSs endorsed and issued by FSC. The estimates and assumptions based on historical experiences and other factors considered relevant, but the actual results may still differ from the estimates. The Company continues to review these estimates and assumptions. If amendments to the estimates affect only the current period, the amendment would only be recorded in the current period; if amendments to the estimates affect the current and future periods, then the amendments would be recorded in the current and future periods.

5.1 Critical judgements in applying accounting policies

Except for judgements related to estimates (refer to 5.2 below), the following lists the most significant judgements that were made by the management during the process of adopting the accounting policies and have significant impacts on the recorded amounts in the financial statements:

1. Judgement made on the business model of classification of financial assets

   Based on the reflected common administrative level for achieving specific business goals by the financial assets, the Company assesses the business models where the financial assets belong. This assessment requires consideration for all relevant evidence, including ways to measure performances of the assets, risks that would affect performances, and the method to determine compensation to the related managers, and utilization of judgments is also required. The Company continuously evaluates if its judgements for the business model is appropriate or not and monitors and understand if the disposals of the financial assets measured at amortized cost or the debt instrument investments measured at FVTOCI are consistent with goals of the business model. If it is discovered that the business model has been altered, the Company would postpone the adjustment to the classification of the financial assets acquired subsequently.

2. Investment properties

   The purpose for holding part of the real estate by the Company is either for earning rentals or capital appreciation, including real estate held for undetermined purpose in the future, while the rests are for self-use. When the respective parts may be sold individually, and only when the self-use part is immaterial to the individual real estate, the real estate would be classified under the category of investment property.

3. Operating lease commitment – when the Company is lessor

   The Company had signed commercial rental contracts and rented out part of its property sets. Based on the assessment on basic terms of the contacts, the Company still retains material risks and rewards of the ownership rights of these properties and has treated such contracts as operating leases.

4. Lease period

When determining lease period, the Company considers all relevant facts and conditions that generate economic incentives to exercise (or not to exercise) options, including any anticipated changes to the facts or conditions from the starting date to the execution date of the options. Factors considered include contractual terms and conditions during the contractual period of the options, material leasehold improvement conducted during the contractual period (or expected contractual period), importance of the target assets to the Company's operations, etc. When there is material change in material event or condition within the Company's controlling scope, re-assess the lease period.

5.2 Critical accounting estimates and assumptions

The accounting estimates made by the Company are based on the reasonable expectation of the future events under the condition of the specified dates, but the actual results may differ from the estimates. The following describes the estimates and assumptions that may have risks of material adjustments to the carrying assets and liability amounts in the next financial year:

1. Estimated impairment on financial assets

The assessment of impairment loss on accounts receivable is based on the Company's assumptions regarding default rate and expected loss ratio. The Company considers past experience, current market condition and prospective information to make the assumptions and choose the input value for the impairment loss assessment. For the material assumptions and input value used, please refer to illustrations in Note 6.4 for details. If the actual future cash flows are less than expected, material impairment loss may occur. As of December 31, 2023 and 2022, the book value of the Company's receivables were $1,371,906 thousand and $841,715 thousand, respectively.

2. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value. Such valuation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the valuation. As of December 31, 2023 and 2022, the book value of the Company's inventories were $1,783,595 thousand and $1,869,307 thousand, respectively (net of allowances for inventory obsolete or valuation losses of $121,998 thousand and $185,171 thousand, respectively).

3. Procedures to measure fair value and valuation

   When there is no market quotes in an active market for the assets and liabilities measured at fair value, the Company, according to applicable laws and regulations or its own judgement, determines whether or not to outsource the valuation work and determine the proper fair-value valuation technique. If level one input value could not be obtained when estimating the fair value, the Company refers to the financial condition and operating results of the investees, most recent transaction prices, quotes in inactive market for the same equity instrument, quotes for similar instruments in active market, valuation multipliers for comparable companies and other information and determine the input value. If, in the future, the actual changes in input value differ from the expected value, changes in fair value may result. To monitor if the fair-value measurement is appropriate or not, the Company periodically updates the various input value based on market conditions. For illustrations to the fair-value valuation technique and input value, please refer to Note 12.4 for details. As of December 31, 2023 and 2022, the book value of the Company's investments in non-public stocks were $180,826 thousand and $195,288 thousand, respectively.

4. Impairment assessment of investments accounted for using the equity method

   The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions. As of December 31, 2023 and 2022, after careful assessment by the Company, there was no material impairment loss.

5. Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future. As of December 31, 2023 and 2022, the recorded accumulated impairment amount of the Company's tangible assets were $0 thousand and $2,175 thousand, respectively.

6. Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets. As of December 31, 2023 and 2022, the Company recorded $140,159 thousand and $78,825 thousand of deferred income tax assets, respectively. The non-recorded deferred income tax assets of the Company due to not very likely to have taxable income were $4,485 and $2,074 thousand, respectively.

7. Calculation of net defined benefit obligation

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations. As of December 31, 2023 and 2022, the book value of the Company's net defined benefit obligation were $57,808 thousand and $73,869 thousand, respectively.

8. Incremental borrowing interest rate of lessee

When determining the lessee's incremental borrowing interest rate used for discounting lease payments, the risk-free rate under the same currency and relevant period is used as reference benchmark, along with consideration on the lessee's credit risk premium and specific lease adjustment (factors such as pledge of assets).

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 1, 306	$ 1, 901
Checking deposits	82, 314	28, 379
Demand deposits	26, 883	29, 228
Foreign currency deposits	10, 175	126
Total	$ 120, 678	$ 59, 634

The Company has no cash and cash equivalents pledged to others.

6.2 FVTPL financial assets – current

Item	December 31, 2023	December 31, 2022
Mandatorily measured at FVTPL		
Listed stocks	$ 721, 420	$ 585, 178
Derivatives – FX Swap Contract	–	471
Total	$ 721, 420	$ 585, 649

1. Regarding details for the financial assets mandatorily measured at FVTPL (not including derivative instruments), please refer to Note 13.1, 2-3.
2. The net gain (loss) (not including derivative instruments) recorded in profit or loss in 2023 and 2022 were $10,960 thousand and ($303,356) thousand.
3. The purpose for the Company to engage in transactions in derivative instruments is to avoid risks on foreign-currency assets or liabilities due to exchange fluctuations, however, without adopting hedge accounting. As of December 31, 2023 and 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) December 31, 2023:				
FX Swap Contract	USD/NTD	USD 1,611/NTD49,785	($ 384)	2024. 1. 8. ～2024. 1. 18.
(2) December 31, 2022:				
FX Swap Contract	USD/NTD	USD 4,540/NTD138,978	$ 471	2023. 1. 3. ～2023. 1. 12.

The recorded net profit (loss) in 2023 and 2022 due to the Company's engagement in derivative contractual transactions were ($2,145) thousand and $7,799 thousand, respectively.

4. The Company has no FVTPL financial assets - current pledged to others.

6.3 Notes receivable

Item	December 31, 2023	December 31, 2022
Notes receivable	$ 102, 957	$ 128, 376
Less: Loss allowance	–	–
Net amount	$ 102, 957	$ 128, 376

1. All of the Company's notes receivable are not overdue; the expected rate of credit loss is 0%.
2. The Company has no notes receivable pledged to others.

6.4 Accounts receivable (including related parties)

Item	December 31, 2023	December 31, 2022
Accounts receivable	$ 1, 217, 162	$ 644, 520
Less: Allowance for doubtful receivables	–	–
Subtotal	1, 217, 162	644, 520
Accounts receivable – related parties	40, 910	66, 779
Less: Loss allowance	–	–
Subtotal	40, 910	66, 779
Net amount	$ 1, 258, 072	$ 711, 299

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

	December 31, 2023			December 31, 2022		
Aging	Total amount	Loss allowance	Net amount	Total amount	Loss allowance	Net amount
Not overdue	$1, 251, 201	$ –	$1, 251, 201	$ 685, 421	$ –	$ 685, 421
Overdue 1 ~ 30 days	4, 511	–	4, 511	15, 812	–	15, 812
Overdue 31 ~ 90 days	2, 263	–	2, 263	6, 032	–	6, 032
Overdue 91 ~ 180 days	97	–	97	4, 034	–	4, 034
Overdue 181 ~ 365 days	–	–	–	–	–	–
Overdue over 365 days	–	–	–	–	–	–
Total	$1, 258, 072	$ –	$1, 258, 072	$ 711, 299	$ –	$ 711, 299

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 Company's non-overdue accounts receivable is very low; for the part of overdue accounts receivable as of the balance sheet date, after considering other credit enhancing guarantees, subsequent receipts and offset conditions and other reasonable and verifiable information, the Company determines that there is no material change in the credit quality, and there is also no significant increase in credit risk after initial recognition. Therefore, the Company's management expects that such accounts receivable are not subjected to material credit loss due to default from the transaction parties. Therefore, loss allowance s was not adjusted.

2. The Company adopts the simplified method in applying IFRS 9 and recognizes allowance for the uncollectable accounts based on the expected credit loss during the existing period. The expected credit loss during the existing period is computed using provision matrix, after considering the customer's past defaulted records, history of past receipts, condition of increase in deferred payments that exceed the average credit period, the customer's present financial condition, and changes and prospective of observable country-wide or regional economic conditions and other prospective considerations. Since the Company's past credit loss experience shows that there was no significant difference in the types of loss among the different groups of customers, the provision matrix does not further distinguish these customer groups but only sets the expected rate of credit loss based on number of overdue days of the accounts receivable and actual conditions. The Company does not hold any collateral for the accounts receivable.

   If there is evidence shows that the transaction party has severe financial difficulties, and the Company could not be reasonably expected to recover the amounts, the Company would recognize 100% loss allowance or direct write off of the related accounts receivable. However, the Company would still continue the collection activities, and any recovered amount is recorded in profit or loss.

3. Movements of the loss allowance (including related parties):

Item	December 31, 2023	December 31, 2022
Balance at January 1	$ –	$ –
Plus: Recognition of impairment losses	–	68
Less: Reversal of impairment losses	–	–
Less: Amounts written off	–	(68)
Plus: Bad debt recovery	–	–
Balance at December 31	$ –	$ –

4. The Company has no accounts receivable (including related parties) pledged to others.

6.5 Other receivables

Item	December 31, 2023	December 31, 2022
Tax refund receivable	$ 8, 908	$ －
Government grants receivable	470	550
Others	1, 499	1, 490
Total	$ 10, 877	$ 2, 040

6.6 Inventories

Item	December 31, 2023			December 31, 2022		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Raw materials	$ 379, 580	$ 6, 431	$ 373, 149	$ 383, 320	$ 41, 342	$ 341, 978
Supplies	104, 578	1	104, 577	119, 432	－	119, 432
Work in process	153, 884	1, 920	151, 964	122, 280	6, 482	115, 798
Finished goods	1, 072, 045	107, 416	964, 629	1, 276, 240	132, 882	1, 143, 358
Finished goods purchased from outside	27, 913	6, 230	21, 683	34, 114	4, 465	29, 649
In-transit raw materials	167, 593	－	167, 593	119, 092	－	119, 092
Total	$1, 905, 593	$ 121, 998	$1, 783, 595	$2, 054, 478	$ 185, 171	$1, 869, 307

1. Cost of goods sold and other operating costs:

Item	2023	2022
Cost of goods sold	$ 7, 564, 776	$ 8, 681, 351
Plus: Outsourced processing costs	1, 060	4, 951
Plus: Unallocated labor and overheads	395, 867	358, 675
Plus: Loss on scrapping of inventories	250	1, 094
Plus: Loss on inventory counts, net	－	1
Plus: Loss on net realizable value of inventories	－	66, 482
Less: Gain on inventory counts, net	(179)	－
Less: Net realizable value recovery of inventories	(63, 173)	－
Less: Scrap sales	(20, 117)	(34, 170)
Recorded operating cost	$ 7, 878, 484	$ 9, 078, 384

2. In the years of 2023 and 2022, the Company recorded ($63,173) thousand and $66,482 thousand of loss from net realizable value (gain from net realizable value recovery) of inventories, respectively. Net realizable value recovery of inventories is mainly due to price recovery of the products in certain markets and consumption of slow-moving

inventories. Loss from net realizable value of inventories is mainly due to price decline of the products in certain markets and increase in slow-moving inventories.

3. The Company has no inventories pledged to others.

6.7 Prepayments

Item	December 31, 2023	December 31, 2022
Prepayments for materials	$ 29, 461	$ 13, 159
Prepaid insurance	923	865
Office supplies	231	287
Input VAT	9, 513	3, 293
Others	1, 839	551
Total	$ 41, 967	$ 18, 155

6.8 Other current assets - others

Item	December 31, 2023	December 31, 2022
Material lending to counterparties	$ 22, 228	$ 54, 790

The counterparties of the Company borrowed raw materials from the Company in November and December, 2023 and in November, 2022 for production scheduling needs with a borrowing agreement, which committed to return the materials upon arrival of imported goods.

6.9 FVTOCI financial assets – noncurrent

Item	December 31, 2023	December 31, 2022
Domestic unlisted companies		
Lilyent Corp.	$ 28, 812	$ 28, 812
Yen Hsing Textile Co., Ltd.	51, 670	72, 626
Yi Tong Fiber Co., Ltd.	13, 093	13, 093
Chu Sing Industrial Co., Ltd.	700	700
Ability I Venture Capital Corp.	–	9, 429
Ability Asia Capital Corp.	16, 000	16, 000
Domestic limited partnership		
Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	16, 480	12, 990
Subtotal	126, 755	153, 650
Plus: Valuation adjustment	54, 071	41, 638
Net amount	$ 180, 826	$ 195, 288

1. The Company’s investments in the above domestic unlisted stocks are not held for short-term profit. The management thinks that if fluctuations in short-term fair value of such investments are recorded in profit or loss, the accounting treatment would not be consistent with the investment planning. Therefore, it is determined that these investments are designated as measured at FVTOCI.
2. Prior to June 30, 2023, the Company's investments in limited partnerships with durational terms that require a resolution of the partners to extend the contract were elected not to be retroactively applied in accordance with the Accounting Research and Development Foundation (ARDF)'s IFRS Question and Answer (Q&A) Set, "Classification of Financial Assets of Investments in Limited Partnerships", issued by the ARDF on June 15, 2023, but were continued to be classified as investments in equity instruments at FVTOCI.
3. Using May 4, 2023 as the base date, Yen Hsing Textile Co., Ltd. reduced its capital by cash and cancelled 14,984 thousand shares of its common shares, totaled $149,838 thousand, with capital reduction rate of 30%. 2,095 thousand shares held by the Company were cancelled due to the capital reduction, and the returned capital was $20,956 thousand.
4. 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 Company were cancelled due to the capital reduction, and the returned capital was $4,000 thousand.
5. 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 Company were cancelled due to the capital reduction, and the returned capital was $17,464 thousand.
6. 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 Company were cancelled due to the capital reduction, and the returned capital was $6,707 thousand.
7. 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 Company were cancelled due to the capital reduction, and the returned capital was $4,800 thousand.

8. The equity of Ability Asia Capital II Outstanding Transformation Growth Limited Partnership is subject to capital distributions of $510 thousand and $210 thousand on November 22, 2023 and November 15, 2022, respectively, under a contractual agreement. In addition, the Company invested an additional $4,000 thousand in 2023 and the estimated total investment amount was $40,000 thousand, accounting for 1.58% of the total raised.
9. In May 2023, the Company sold 943 thousand shares of Ability I Venture Capital Corp. for $6,111 thousand (net of securities transaction tax).
10. The Company's investments in structural individual entities are limited partnership equity interests in nature, therefore, there was no transaction quantity or unit transaction price. In addition, the Company only bears the rights and obligations to the extent of the scope of investment contracts and does not have significant influence over those investments. Therefore, the largest risk exposure amounts as of the balance sheet date were the book value of those investments.
11. In 2023 and 2022, the net gain (loss) due to fair-value fluctuations was $9,115 thousand and ($18,529) thousand, respectively, and was recorded in other comprehensive income and accumulated in other equity; the amount directly transferred to retained earnings from accumulated profit (loss) from disposal of investments was ($3,318) and $0, respectively.
12. None of the Company's held FVTOCI financial assets - noncurrent are offered as collaterals or pledged to others.

6.10 Investments accounted for using the equity method

1. Subsidiary

	December 31, 2023		December 31, 2022	
Name of Subsidiary	Book value	Holding %	Book value	Holding %
ZIS Holding Co., Ltd.	$ －	100%	$ －	100%
Nicest Int'L Trading Corp.	19, 555	100%	19, 199	100%
Ding Sheng Material Technology Corporation Limited	7, 261	100%	2, 390	100%
Total	$ 26, 816		$ 21, 589	

2. ZIS Holding Co., Ltd. is the Company's 100% foreign investee company. The Company invested 5,400 thousand shares of the company, USD1.00 per share, totaled

USD5,400 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 091018941 Letter on August 1, 2002.

3. Nicest Int'L Trading Corp. is the Company's 100% foreign investee company. The Company's invested 300 thousand shares of the company, USD1.00 per share, totaled USD300 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 10200461630 Letter on December 12, 2013.
4. The Company resolved to dissolve and liquidate Ding Sheng Material Technology Corporation by the Board of Directors on November 3, 2023, based on its overall long-term business planning, but as of December 31, 2023, the resolution had not yet been implemented.
5. The shares of profit (loss) and other comprehensive income from the subsidiaries under equity method in 2023 and 2022 were evaluated and recognized according to the audited financial statements of the investee companies in the respective periods.
6. The Company's shares of profit (loss) and other comprehensive income from the subsidiaries under equity method are as follows:

	2023		2022	
Name of subsidiary	Share of profit (loss)	Share of other comprehensive income (loss)	Share of profit (loss)	Share of other comprehensive income (loss)
ZIS Holding Co., Ltd.	$ -	$ -	$ -	$ -
Nicest Int'L Trading Corp.	2,240	(487)	889	273
Ding Sheng Material Technology Corporation Limited	(1,221)	(56)	(1,304)	(427)
Total	$ 1,019	($ 543)	($ 415)	($ 154)

7. In 2023 and 2022, due to unrealized sales gains, the Company's investment amounts under equity method were adjusted and reduced by $1,487 thousand and $421 thousand, respectively; Due to realized sales gains, the Company's investment amounts under equity method were adjusted and increased by $421 thousand and $1,370 thousand, respectively.
8. In 2023 and 2022, due to derecognition of accounts receivable against subsidiary, the Company's investment amounts under equity method were adjusted and increased by $5,817 thousand and $0, respectively.
9. None of investments accounted for using the equity method held by the Company were pledged to others.
10. For information regarding the Company's subsidiaries, please refer to Note 4.3 of the Company's 2023 Consolidated Financial Statements.
11. As of December 31, 2023 and 2022, the total asset, total liability and total equity of the Company's invested subsidiary ZIS Holding Co., Ltd. were all zero, and the subsidiary did not have any income, expenses or losses during the above periods.

Therefore, the subsidiary is not included as a component entity in the Company's Consolidated Financial Statements.

12. For the Company's investments in companies in Mainland China through ZIS Holding Co., Ltd. and Nicest Int'L Trading Corp., please refer to Note 13.3 Disclosures of Investments in Mainland China.

6.11 Property, plant and equipment

Item	December 31, 2023	December 31, 2022
Land	$ 1, 786, 837	$ 1, 786, 837
Buildings	3, 001, 510	2, 996, 662
Machinery	9, 128, 307	9, 305, 352
Transportation equipment	80, 884	80, 754
Other equipment	353, 320	340, 391
Equipment to be inspected and construction in progress	502, 155	81, 331
Total cost	14, 853, 013	14, 591, 327
Less: Accumulated depreciation	(10, 095, 485)	(10, 041, 472)
Less: Accumulated impairment	−	(2, 175)
Net amount	$ 4, 757, 528	$ 4, 547, 680

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:							
Balance, January 1, 2023	$1, 786, 837	$2, 996, 662	$ 9, 305, 352	$ 80, 754	$ 340, 391	$ 81, 331	$14, 591, 327
Additions	−	5, 258	86, 267	130	9, 125	321, 091	421, 871
Disposals	−	(3, 400)	(275, 839)	−	(11, 207)	−	(290, 446)
Reclassification (Note)	−	2, 990	12, 527	−	15, 011	99, 733	130, 261
Balance, December 31, 2023	$1, 786, 837	$3, 001, 510	$ 9, 128, 307	$ 80, 884	$ 353, 320	$ 502, 155	$14, 853, 013
Accumulated depreciation and impairment:							
Balance, January 1, 2023	$ −	$1, 715, 216	$ 8, 030, 640	$ 75, 102	$ 222, 689	$ −	$10, 043, 647
Depreciation expense	−	90, 167	235, 039	1, 818	15, 080	−	342, 104
Disposals	−	(3, 400)	(275, 659)	−	(11, 207)	−	(290, 266)
Reclassification	−	−	−	−	−	−	−
Balance, December 31, 2023	$ −	$1, 801, 983	$ 7, 990, 020	$ 76, 920	$ 226, 562	$ −	$10, 095, 485

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:							
Balance, January 1, 2022	$1, 786, 837	$2, 980, 375	$ 9, 379, 348	$ 80, 913	$ 335, 014	$ 64, 934	$14, 627, 421
Additions	−	11, 616	57, 871	1, 750	4, 501	66, 006	141, 744
Disposals	−	−	(248, 185)	(2, 044)	(3, 903)	−	(254, 132)
Reclassification (Note)	−	4, 671	116, 318	135	4, 779	(49, 609)	76, 294
Balance, December 31, 2022	$1, 786, 837	$2, 996, 662	$ 9, 305, 352	$ 80, 754	$ 340, 391	$ 81, 331	$14, 591, 327

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Accumulated depreciation and impairment:							
Balance, January 1, 2022	$ -	$1, 617, 973	$ 8, 006, 830	$ 75, 365	$ 212, 215	$ -	$ 9, 912, 383
Depreciation expense	-	97, 243	271, 831	1, 781	14, 377	-	385, 232
Disposals	-	-	(248, 021)	(2, 044)	(3, 903)	-	(253, 968)
Reclassification	-	-	-	-	-	-	-
Balance, December 31, 2022	$ -	$1, 715, 216	$ 8, 030, 640	$ 75, 102	$ 222, 689	$ -	$10, 043, 647

Note: The net increase from reclassifications of inventories in 2023 and 2022 were $62,282 thousand and $15,022 thousand, respectively; reclassifications from prepayments for equipment were $69,777 thousand and $61,977 thousand, respectively; reclassifications to intangible assets were $1,798 thousand and $705 thousand, respectively.

1. The Company's property, plant and equipment are mainly for self-use.
2. Reconciliation between the additions of property, plant and equipment in the current period and those in the statements of cash flows:

Item	2023	2022
Increase in property, plant and equipment	$ 421, 871	$ 141, 744
Plus: Decrease (Increase) in payables for equipment	(27, 519)	5, 823
Cash payment	$ 394, 352	$ 147, 567

3. The amount of capitalized borrowing cost and range of interest rates of property, plant and equipment:

Item	2023	2022
Capitalized amount	$ 4, 837	$ -
Range of interest rates of capitalization	1. 89%	-

4. Material components of property, plant and equipment are depreciated at straight-line method based on the following useful lives:

(1) Buildings

Main factory buildings	20~60 years	Warehouses and dorms	10~60 years
Auxiliary buildings	5~60 years	Electric water purification equip.	9~40 years
Others	5~50 years		

(2) Machinery and equipment

Manufacturing equip.	5~25 years	Auxiliary manufacturing equip.	3~21 years
Electric power equip.	8~18 years	Air conditioner and boilers	5~16 years
Auto-storage equip.	9~16 years		

(3) Transportation equipment

For manufacturing	6~18 years	For non-manufacturing	5~11 years

(4) Other equipment

Office equipment	3~21 years	Others	7~25 years

5. Since part of the Company's machinery could not be utilized to its full capacity, the expected future cash flows from the manufacturing machinery are reduced, which led to its recoverable amount smaller than its book value. After careful assessment by the Company, as of December 31, 2023 and 2022, the Company recorded $0 and $2,175 thousand of accumulated impairment loss on property, plant and equipment.
6. Information on property, plant and equipment held by the Company pledged to others, please refer to Note 8 for details.

6.12 Leases

1. Right-of-use assets

Item	December 31, 2023		December 31, 2022	
Buildings	$	77, 601	$	77, 441
Machinery		93, 816		34, 868
Total cost		171, 417		112, 309
Less: Accumulated depreciation	(	61, 687)	(	49, 229)
Less: Accumulated impairment		–		–
Net amount	$	109, 730	$	63, 080

Item	Buildings		Machinery		Total	
Cost:						
2023.1.1 balance	$	77, 441	$	34, 868	$	112, 309
Addition/Remeasurement		160		58, 948		59, 108
Disposal/Write-offs		–		–		–
2023.12.31 balance	$	77, 601	$	93, 816	$	171, 417
Accumulated depreciation and impairment:						
2023.1.1 balance	$	21, 402	$	27, 827	$	49, 229
Depreciation expense		5, 876		6, 582		12, 458
Disposal/Write-offs		–		–		–
2023.12.31 balance	$	27, 278	$	34, 409	$	61, 687

Item	Buildings	Machinery	Total
Cost:			
2022.1.1 balance	$ 75, 711	$ 34, 717	$ 110, 428
Addition/Remeasurement	1, 730	151	1, 881
Disposal/Write-offs	–	–	–
2022.12.31 balance	$ 77, 441	$ 34, 868	$ 112, 309
Accumulated depreciation and impairment:			
2022.1.1 balance	$ 15, 567	$ 20, 816	$ 36, 383
Depreciation expense	5, 835	7, 011	12, 846
Disposal/Write-offs	–	–	–
2022.12.31 balance	$ 21, 402	$ 27, 827	$ 49, 229

2. Lease liabilities

	December 31, 2023		December 31, 2022	
Item	Current	Noncurrent	Current	Noncurrent
Buildings	$ 5, 585	$ 46, 372	$ 5, 616	$ 51, 837
Machinery	6, 679	53, 995	7, 775	–
Total	$ 12, 264	$ 100, 367	$ 13, 391	$ 51, 837

Item	Buildings	Machinery	Total
Lease liabilities:			
2023.1.1 balance	$ 57, 453	$ 7, 775	$ 65, 228
Addition/Remeasurement	160	58, 948	59, 108
Disposal/Write-offs	–	–	–
Lease principal repayment	(5, 656)	(6, 049)	(11, 705)
2023.12.31 balance	$ 51, 957	$ 60, 674	$ 112, 631

Item	Buildings	Machinery	Total
Lease liabilities:			
2022.1.1 balance	$ 61, 266	$ 14, 694	$ 75, 960
Addition/Remeasurement	1, 730	151	1, 881
Disposal/Write-offs	–	–	–
Lease principal repayment	(5, 543)	(7, 070)	(12, 613)
2022.12.31 balance	$ 57, 453	$ 7, 775	$ 65, 228

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

Item	Expected lease period (including renewal rights)	December 31, 2023	December 31, 2022
Buildings	3～15 years	0.62%～1.42%	0.84%～1.42%
Machinery	5~10 years	2.07%	1.00%

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

Item	December 31, 2023	December 31, 2022
Within 1 year	$ 14,179	$ 14,229
Over 1 year but within 5 years	51,140	22,769
Over 5 years but within 10 years	57,271	27,626
Over 10 years but within 15 years	－	5,525
Over 15 years but within 20 years	－	－
Over 20 years	－	－
Undiscounted total lease payments	$ 122,590	$ 70,149

3. Material leasing activities and terms

(1) The Company leases buildings, machinery, etc. Upon termination of the leases, the Company does not have favorable renewal rights toward the target leased assets. Part of the leases are attached with renewal rights upon maturities. Lease contracts are individually negotiated with different terms and conditions, and the lease payments for part of lease contracts may be adjusted according to Consumer Price Index. Except that the leased targets shall not be used as collaterals for borrowings, without consent from the lessors, the Company shall not sublease or transfer all or part of the leased targets. No other restriction applies.

(2) Option to extend leases

Part of the lease targets in the Company's lease contract contain enforceable option for the Company to extend the leases. Such clauses are general practices of the lessors to enable the Company to have more flexibility in business operations and use the assets more efficiently. When the Company determines the lease periods, all facts and situations of economic incentives generated from exercising the right to extend the leases are considered. When events occurred which materially affect the assessment on the enforcement of extension option or non-exercising of the termination option, the lease periods would be re-estimated.

4. Sublease:

The Company subleases part of its rights to use its rented space via operating lease, and the rents were collected according to the contracts. Most of the lease agreements can be extended at the end of the lease periods according to market prices. During 2023 and 2022, the rental income from the subleases were both $96 thousand.

5. Other relevant information on leases

In 2023 and 2022, based on the operating lease contracts, the Company recorded rental income of $56,160 thousand and $76,599 thousand, respectively, none of which was gain from variable lease payments.

Regarding the Company's agreements for leasing out investment properties under operating lease, please refer to Note 6.13-7.

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

Item	2023	2022
Short-term lease expense	$ -	$ -
Low-value-assets lease expense	-	-
Expense on variable lease payments	-	-
Total	$ -	$ -
Interest expense on lease liabilities	$ 2, 003	$ 977
Gain (loss) generated from sale and leaseback transactions	$ -	$ -
Gain (loss) generated from amendment of lease transactions	$ -	$ -

The Company chooses to adopt exemption treatment for recording short-term leases and low-value-assets liabilities that meet the criteria and does not record right-of-use assets and lease liabilities for these leases.

(2) In 2023 and 2022, the total cash out flows were $13,708 thousand and $13,590 thousand, respectively.

(3) After careful assessment on the right-of-use assets, none of right-of-use assets were impaired.

(4) No right-to-use assets held by the Company are pledged to others.

6.13 Investment properties

Item	December 31, 2023	December 31, 2022
Land	$ 583, 429	$ 583, 429
Land improvements	429, 483	418, 966
Investment properties under construction	190, 859	59, 475
Subtotal	1, 203, 771	1, 061, 870
Less: Accumulated depreciation	(373, 280)	(367, 290)
Less: Accumulated impairment	-	-
Net amount	$ 830, 491	$ 694, 580

Item	Land	Land improvements	Investment properties under construction	Total
Cost:				
Balance, January 1, 2023	$ 583, 429	$ 418, 966	$ 59, 475	$ 1, 061, 870
Additions	–	10, 517	131, 384	141, 901
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2023	$ 583, 429	$ 429, 483	$ 190, 859	$ 1, 203, 771
Depreciation and impairment:				
Balance, January 1, 2023	$ –	$ 367, 290	$ –	$ 367, 290
Depreciation expense	–	5, 990	–	5, 990
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2023	$ –	$ 373, 280	$ –	$ 373, 280

Item	Land	Land improvements	Investment properties under construction	Total
Cost:				
Balance, January 1, 2022	$ 583, 429	$ 418, 746	$ 3, 631	$ 1, 005, 806
Additions	–	220	55, 844	56, 064
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2022	$ 583, 429	$ 418, 966	$ 59, 475	$ 1, 061, 870
Depreciation and impairment:				
Balance, January 1, 2022	$ –	$ 362, 136	$ –	$ 362, 136
Depreciation expense	–	5, 154	–	5, 154
Disposals	–	–	–	–
Reclassification	–	–	–	–
Balance, December 31, 2022	$ –	$ 367, 290	$ –	$ 367, 290

1. Reconciliation on addition of non-cash item and investment property in the current period and those in the statements of cash flows:

Item	2023	2022
Addition of investment properties	$ 141, 901	$ 56, 064
Less: Payables for addition of investment properties	(1, 862)	(204)
Cash payment	$ 140, 039	$ 55, 860

2. Amount and range of interest rates of capitalized borrowing cost of investment properties:

Item	2023	2022
Capitalized amount	$ 2, 680	$ －
Range of interest rates of capitalization	1. 89%	－

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

Item	2023	2022
Rental income from investment properties	$ 55, 796	$ 76, 416
Direct operating expenses arising from the investment properties that generated rental income during the period	$ 13, 578	$ 12, 783
Direct operating expenses arising from the investment properties that did not generate rental income during the period	$ －	$ －

4. The Company's investment properties are located at Meishi Section of Yangmei District in Taoyuan City, Chungxing Section of Pingzhen District in Taoyuan City and Beigang Section of Dayuan District in Taoyuan City. Since those sections are located in industrial area, the transactions in the comparable market are infrequent, and reliable estimates of fair value are not available, the fair value could not be reliably determined.
5. After careful assessment by the Company, the investment properties are not impaired.
6. All investment properties held by the Company were self-owned and not pledged to others.
7. Lease agreements – the Company as lessor

   The lease contract periods of the Company' leased out investment property (including land, the attached improvements, etc.) range from 3~18 years, upon termination of the leases, the lessors do not have favorable lease rights toward the leased assets. Rents are collected according to the contracts, most of the lease contracts can be renewed according to market prices upon termination of the leases and include clauses which adjust rents according to market environment each year. The minimum collectable amount of total lease payments in the future are as following:

Item	December 31, 2023	December 31, 2022
1st year	$ 66,378	$ 55,796
2nd year	66,468	66,378
3rd year	66,468	66,468
4th year	66,908	66,468
5th year	39,276	66,908
Over 5 years	185,620	224,896
Total	$ 491,118	$ 546,914

6.14 Intangible assets

Item	December 31, 2023	December 31, 2022
Cost of computer software	$ 8,715	$ 5,915
Less: Accumulated amortization	(4,414)	(2,232)
Less: Accumulated impairment	–	–
Net amount	$ 4,301	$ 3,683

Item	2023	2022
Cost of computer software:		
Beginning balance	$ 5,915	$ 7,022
Addition – from individual	1,726	2,181
Disposal / Write-off	(724)	(3,993)
Reclassification (Note)	1,798	705
Ending balance	$ 8,715	$ 5,915
Accumulated amortization and impairment:		
Beginning balance	$ 2,232	$ 4,889
Amortization expense	2,906	1,336
Disposal / Write-off	(724)	(3,993)
Reclassification	–	–
Ending balance	$ 4,414	$ 2,232

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 Company's intangible assets are amortized at straight-line method based on the following useful life:

   Computer software 3 years
3. After careful assessment by the Company, the Company's intangible assets are not impaired.

4. No intangible assets held by the Company were pledged to others.

5. Amortization of intangible assets by function:

Item	2023	2022
Operating cost	$ 892	$ 652
Operating expense		
Sales expense	–	–
Administration expense	1, 845	530
R&D expense	169	154
Subtotal	2, 014	684
Total	$ 2, 906	$ 1, 336

6.15 Refundable deposits

Item	December 31, 2023	December 31, 2022
Rental deposits - lessee	$ 182	$ 154
Deposits for natural gas	17, 506	22, 070
Membership deposits	500	500
Others	108	106
Total	$ 18, 296	$ 22, 830

6.16 Other noncurrent assets – other

Item	December 31, 2023	December 31, 2022
Long-term prepaid expenses	$ 1, 288	$ 1, 365
Pallets	45, 646	48, 392
Total	$ 46, 934	$ 49, 757

Item	2023	2022
Other noncurrent assets		
Beginning balance	$ 49, 757	$ 47, 202
Addition – from individual	30, 742	33, 715
Amortization expense	(33, 565)	(31, 160)
Ending balance	$ 46, 934	$ 49, 757

6.17 Short-term borrowings

Item	December 31, 2023	December 31, 2022
Credit loans	$ 910,000	$ 1,479,900
Interest rates	1.76%～1.80%	0.95%～1.75%

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

6.18 Short-term notes and bills payable

Item	December 31, 2023	December 31, 2022
Commercial papers payable	$ 580,000	$ 50,000
Less: Discount on short-term notes and bills payable	(91)	(37)
Net amount	$ 579,909	$ 49,963
Interest rates	1.45%～1.63%	1.69%

The commercial papers payable of the Company were issued with guarantees by the security firms or banks, and promising notes by the amounts equal to the loans were issued as collaterals for repayment of the loans.

6.19 Financial liabilities measured at fair value through profit or loss – current

Item	December 31, 2023	December 31, 2022
Mandatorily measured at FVTPL		
Derivative – FX Swap Contract	$ 384	$ –

Please refer to Note 6.2-3 for details.

6.20 Notes and accounts payable

The recorded notes and accounts payable are mainly from business operations. The Company has an established financial risk management policy for ensuring all payables are repaid within the credit deadlines agreed previously.

6.21 Other payables

Item	December 31, 2023		December 31, 2022	
Payroll and bonus payable	$	112, 238	$	134, 623
Interest payable		1, 927		784
Insurance payable		15, 946		15, 265
Transportation fees payable		6, 100		4, 796
Utilities payable		44, 277		38, 142
Export fees payable		9, 619		9, 664
Processing outsourcing fees payable		–		80
Professional service fees payable		1, 371		1, 240
Taxes payable		6, 883		6, 981
Sales tax payable		–		6, 477
Payables for equipment		55, 857		28, 338
Payables for investing property		2, 066		204
Investment proceeds payable		–		4, 607
Other payables		25, 423		22, 058
Total	$	281, 707	$	273, 259

6.22 Provisions－current

Item	December 31, 2023		December 31, 2022	
Employee benefits – paid leaves	$	28, 988	$	27, 905

1. Provisions for employee benefits – current are estimation of employees' vested rights for paid leaves. In most cases, sick leaves, maternity leaves or paternity leaves are contingent in nature, which are determined by future events and not from accruals. Therefore, such costs are recognized at the time when occurred.
2. Movement in provisions for employee benefits – current:

Item	2023		2022	
Beginning balance	$	27, 905	$	25, 572
Addition		29, 088		27, 303
Used amount	(	24, 313)	(	20, 365)
Reversal amount	(	3, 692)	(	4, 605)
Ending balance	$	28, 988	$	27, 905

6.23 Other current liabilities – other

Item	December 31, 2023		December 31, 2022	
Receipts under custody	$	1, 738	$	1, 972
Material borrowing from counterparties (Note)		1, 708		–
Total	$	3, 446	$	1, 972

Note: The Company borrowed raw materials from counterparties in December, 2023 for production scheduling needs with a borrowing agreement, which committed to return the materials upon arrival of import.

6.24 Long-term borrowings

Item	December 31, 2023		December 31, 2022	
Secured loans	$	1, 200, 000	$	–
Less: Portion due within one year		–		–
Total	$	1, 200, 000	$	–

1. Information on secured loans:
   The credit period of this contract is 3 years, and the borrowing amount is $1.2 billion, which is not available for revolving use. Interest is payable monthly after the appropriation, and 30% of the remaining balance of the principal is repayable from the contract date to the maturity date of the second year, with the remaining principal due in January, 2026. The credit facility is secured by a pledge of the Company'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 September 30, 2023, the Company 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 Company entered into comprehensive credit facility agreement with various banks and provided IOUs as commitments for repayment of goods. For long-term loans, please refer to Note 8 for details.
3. The maturity analysis of the Company's long-term borrowings is described in Note 12.3-3-(3).

6.25 Pension benefit plans

Item	December 31, 2023		December 31, 2022	
Defined benefit plan	$	52, 323	$	68, 429
Defined contribution plan		5, 485		5, 440
Total	$	57, 808	$	73, 869

1. Defined benefit plan

(1) The Company 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 retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March.

(2) Amounts recognized in the balance sheet are as follows:

Item	December 31, 2023		December 31, 2022	
Present value of defined benefit obligations	$	60, 907	$	81, 571
Fair value of plan assets	(	8, 584)	(	13, 142)
Net defined benefit liability	$	52, 323	$	68, 429

(3) Movements in net defined benefit liabilities are as follows:

Item	2023	2022
Balance at January 1	$ 81,571	$ 108,139
Current service cost	−	−
Interest expense	1,091	753
Actuarial loss (gains)	(2,843)	(2,906)
Remeasurements – actuarial loss (gain):		
Effect of change in demographic assumptions	2	244
Effect of change in financial assumptions	877	(7,829)
Experience adjustments	(2,497)	2,722
Paid benefits of plan assets	−	(545)
Repayments of plan assets	(15,860)	(11,334)
Repayments in company account	(1,434)	(7,673)
Balance at December 31	$ 60,907	$ 81,571

(4) Movements in fair value of plan assets are as follows:

Item	2023	2022
Balance at January 1	$ 13,142	$ 9,756
Interest income from plan assets	183	73
Remeasurements:		
Return (loss) on plan assets in addition to net interest	79	877
Contribution by employer	11,040	14,315
Benefits paid from plan assets	−	(545)
Repayments from plan assets	(15,860)	(11,334)
Balance at December 31	$ 8,584	$ 13,142

(5) The amounts of defined benefit costs related to defined benefit plan recognized in the statements of comprehensive are listed as follows:

Item	2023	2022
Current service cost	$ −	$ −
Interest expense of define benefit obligations	1,091	753
Loss (gain) on repayments	(2,843)	(2,906)
Interest income from plan assets	(183)	(73)
Recorded in loss (gain)	($ 1,935)	($ 2,226)

Item	2023	2022
Remeasurements － actuarial loss (gain):		
Change in demographic assumptions	$ 2	$ 244
Change in financial assumptions	877	(7,829)
Experience adjustments	(2,497)	2,722
Loss (gain) on return on plan assets	(79)	(877)
Recognized in other comprehensive loss (income)	($ 1,697)	($ 5,740)

(6) The above net amounts of pension costs (gains) under defined benefit plan recognized in profit or loss are shown by function as below:

Item	2023	2022
Operating cost	($ 1,763)	($ 1,989)
Operating expense		
Sales expense	(40)	(65)
Administration expense	(109)	(125)
R&D expense	(23)	(47)
Subtotal	(172)	(237)
Total	($ 1,935)	($ 2,226)

(7) The Company's defined pension plan fund is managed by Bank of Taiwan within the ratio and amount limits of management items regulated according to the fund's annual investment plan and in according with the items listed in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (that is, "Deposit in domestic or foreign financial institutions", "Investment in domestic or foreign listed, over-the-counter, or private placement equity securities", "Investment in domestic or foreign real estate and its securitization products", etc.). The management of the fund is subjected to supervision by the Labor Pension Fund Supervisory Committee. The annual return distribution of the fund cannot be lower than the return from a 2-year time deposit in the local bank. If there is deficiency, the difference should be made up by the government. Since the Company does not have the right to participate in the management of the fund, the Company is unable to disclose the fair-value classification of the plan assets according to Paragraph 142 of IAS 19. For fair value of the constituents of the total plan assets as of December 31, 2022 and 2021, please refer to the labor pension fund management reports published by the government for the respective years.

(8) The present value of the Company's defined benefit obligation was computed by qualified actuary. The main actuarial assumptions used were as follows:

Item	2023	2022
Discount rate	1.25%	1.35%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	10 years	11 years

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(9) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

A. Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

B. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(10) Reasonably possible changes to one of the significant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Item	Discount rate 0.25% increase	Discount rate 0.25% decrease	Future salary increase rate 0.25% increase	Future salary increase rate 0.25% decrease
December 31, 2023				
Effects to present value of defined benefit obligation	($ 1,634)	$ 1,701	$ 1,684	($ 1,626)
December 31, 2022				
Effects to present value of defined benefit obligation	($ 2,253)	$ 2,347	$ 2,326	($ 2,245)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In addition, in the aforementioned sensitivity analysis, the present value of the defined benefit obligation by the end of reporting period was computed using the Projected Unit Credit Method, which uses the same measurement basis adopted the defined benefit liability listed in the balance sheet.

The methods and assumptions used for preparing the sensitivity analysis in this period are the same as those of prior period.

(11) The contribution that the Company expects to make to its defined benefit pension plans and payment in next year 2024 are $2,320 thousand and $1,172 thousand, respectively.

2. Defined contribution plans

(1) The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan applicable to employees holding R.O.C. citizenship. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts. The employees' pensions, according to their respective pension accounts and accumulated profit amount, will be paid in a lump sum amount or paid monthly. That is, no addition statutory or presumed obligation to make additional payment.

(2) According to the above defined contribution plan, the Company had recorded $33,013 thousand and $32,334 thousand of pension expense in 2023 and 2022, respectively; as of December 31, 2023 and 2022 , according to the above defined contribution plan, the Company had recognized $5,485 thousand and $5,440 thousand of net defined benefit liability, respectively.

(3) The above amounts of pension costs under defined contribution plan recognized in profit or loss are shown by function as below:

Item	2023	2022
Operating cost	$ 27, 449	$ 27, 049
Operating expense		
Sales expense	1, 788	1, 674
Administration expense	2, 396	2, 306
R&D expense	1, 380	1, 305
Subtotal	5, 564	5, 285
Total	$ 33, 013	$ 32, 334

(4) In 2023 and 2022, According to the defined contribution plan, the Company recognized $100 thousand and $102 thousand, respectively, of pension cost for expatriate employees, which was booked as other gains and losses.

6.26 Guarantee deposits received

Item	December 31, 2023	December 31, 2022
Rental deposits – rent out	$ 16, 560	$ 22, 594
Others	850	700
Total	$ 17, 410	$ 23, 294

6.27 Share capital

Item	December 31, 2023	December 31, 2022
Authorized number of shares (thousands of shares)	800, 000	800, 000
Authorized capital	$ 8, 000, 000	$ 8, 000, 000
Issued shares with proceeds fully received (thousands of shares)	531, 688	531, 688
Raised capital	$ 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.

6.28 Capital surplus

Item	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 157, 149	$ 210, 318
Surplus from treasury stock transactions	188, 021	188, 021
Uncollected overdue dividends by shareholders	1, 173	794
Total	$ 346, 343	$ 399, 133

Capital surplus may not be used except to offset a deficit. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. According to Article 241 of Company Act and No. 10300532520 Letter, dated March 31, 2014, issued by the Ministry of Economic Affairs, 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.

6.29 Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
2. The Company's dividend policy is as following:

   The Company shall consider changes in business environment, considers future operating funds required from life cycles of various products and services and the effects of tax rules, in the goal of sustaining stable dividend distributions, dividends are distributed according to the set ratios under the corporate charter. After measuring the required funds in future years, profitability, financial structure, and dilution effects on shares, and other factors, the Board of Directors develops an appropriate ratio of dividends in cash and in stocks and submits for approval at the shareholders' meeting. The Company would distribute cash dividends as priority. If there are major investment plans or needs for improving financial structure, part of dividends would be distributed in stocks. In order to avoid over-inflation of share capital and affect the level of dividend distribution in future years, 0%~60% of the Company's distributable current-year earnings are appropriated as dividends.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.
4. Upon earnings distribution, in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021 and regulations under "Q&A on Recording Special Reserve, after Adopting IFRSs", the Company shall set aside or reverse special reserve. When the net deduction item on other equity later is reversed, the reversed amount could be included in the distributable earnings.
5. The appropriations of 2022 and 2021 earnings have been approved by the shareholders in its 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
Set aside legal reserve	$ –	$91, 972	$ –	$ –
Set aside (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 additional paid-in capital – common share premium (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. The appropriation of earnings for 2023 had been proposed by the Board of Directors on March 8, 2024 (not yet been approved by the shareholders' meeting), in which no stock dividends are planned to be distributed.

6.30 Other equity item

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2023	($ 424)	$ 41, 638	$ 41, 214
Directly recognized as other equity adjustment items	–	9, 115	9, 115
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	3, 318	3, 318
Shares recognized under equity method	(543)	–	(543)
Income tax related to other equity items	–	–	–
Balance, December 31, 2023	($ 967)	$ 54, 071	$ 53, 104

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
Balance, January 1, 2022	($ 270)	$ 60, 167	$ 59, 897
Directly recognized as other equity adjustment items	–	(18, 529)	(18, 529)
Transferred to profit or loss item	–	–	–
Transferred to retained earnings	–	–	–
Shares recognized under equity method	(154)	–	(154)
Income tax related to other equity items	–	–	–
Balance, December 31, 2022	($ 424)	$ 41, 638	$ 41, 214

6.31 Operating revenue

Item	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 7, 724, 756	$ 9, 268, 979
Service revenue	769	7, 143
Net amount	$ 7, 725, 525	$ 9, 276, 122

1. Breakdown of revenue from contracts with customers

The Company's revenue comes from transfer of goods or services at certain points of time. The revenue can be broken down into the following major types of goods and services:

Major types of goods and services	2023	2022
Sales revenue		
Textured Yarn	$ 2, 385, 816	$ 3, 184, 272
Polyester Yarn	7, 197	13, 321
Nylon fiber	1, 057, 135	1, 341, 945
Nylon grains	3, 756, 848	4, 093, 281
Compound materials	515, 752	634, 899
Trading of raw materials	2, 008	1, 261
Subtotal	7, 724, 756	9, 268, 979
Service revenue		
Revenue from outsourced processing	769	7, 143
Subtotal	769	7, 143
Total	$ 7, 725, 525	$ 9, 276, 122

2. Contract balance

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

Item	2023	2022
Contractual assets: None		
Contractual liabilities - current		
Sale of goods	$ 31, 223	$ 75, 407

(1) Material changes in contractual assets and liabilities

As of December 31, 2023, the changes in the balance of contract liabilities compared to last year mainly come from timing difference 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	2022
Beginning balance of contract liabilities that is recorded as revenue in this period		
Sale of goods	$ 66, 164	$ 45, 875

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

In 2023 and 2022, the Company did not have contractual obligations that were fulfilled (or partly fulfilled) in the previous period. Nor there was any adjustment made to the recorded current-period revenue due to changes in the transaction prices or restrictions in recording variable consideration.

(4) Unfulfilled contracts with customers

As of December 31, 2023 and 2022, the Company does not have any unfulfilled sales contracts with customers, the expected remaining periods for the existing contracts are within one year and are expected to be fulfilled and recognized as revenue within one year.

3. Assets related to contractual costs: None

6.32 Interest income

Item	2023	2022
Interest on bank deposits	$ 241	$ 69

6.33 Other income

Item	2023	2022
Dividends income	$ 142, 283	$ 82, 022
Rental income	56, 160	76, 599
Subsidy income	554	2, 800
Income from scrap sales	12, 075	16, 433
Income from sample sales	5, 432	3, 383
Income from recovery of packaging materials	2, 726	2, 228
Income from sale of renewable energy	21, 834	15, 979
Net income from development of hallow fiber membranes	23, 711	7, 690
Others	2, 464	2, 498
Total	$ 267, 239	$ 209, 632

6.34 Other gains and losses

Item	2023	2022
Net gains (losses) on financial liabilities at FVTPL	$ 16,138	($ 212,899)
Gains (losses) on disposal of property, plant and equipment	73	22,291
Loss on disposal of investments	(5,561)	(89,986)
Net non-financial foreign currency exchange gains (losses)	(10,729)	65,112
Direct operating expenses of investment properties	(13,578)	(12,783)
Expatriate employee benefits	(2,107)	(2,104)
Depreciation of renewable energy	(5,855)	(4,928)
Others	(311)	(482)
Total	($ 21,930)	($ 235,779)

6.35 Financial cost

Item	2023	2022
Interest expense		
Interest on borrowing from financial institutions	$ 40,380	$ 18,859
Imputed interest on deposits	281	91
Interest on lease liabilities	2,003	977
Others	-	779
Less: Capitalized amount that meets the requirements (Note)	(7,763)	-
Subtotal	34,901	20,706
Fees related to issuing CP	385	492
Net financial foreign currency exchange (gains) losses	1,252	(11,733)
Total	$ 36,538	$ 9,465

Note: Capitalized amount that meets the requirements includes the transfer of property, plant and equipment, investment properties and prepayment for equipment in the amount of $4,837 thousand, $2,680 thousand and $246 thousand, respectively.

6.36 Employee benefits, depreciation and amortization expense

By nature	2023 Operating costs	2023 Operating expenses	2023 Total	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits						
Salary	$ 652, 642	$ 111, 979	$ 764, 621	$ 688, 120	$ 115, 705	$ 803, 825
Labor and health insurance	70, 402	12, 163	82, 565	65, 910	14, 482	80, 392
Pension expense	25, 686	5, 392	31, 078	25, 060	5, 048	30, 108
Remuneration to directors	−	2, 420	2, 420	−	2, 630	2, 630
Other benefits	23, 140	2, 769	25, 909	29, 949	3, 311	33, 260
Depreciation (Note)	335, 649	13, 058	348, 707	377, 654	15, 496	393, 150
Amortization	33, 829	2, 642	36, 471	31, 002	1, 494	32, 496
Total	$1, 141, 348	$ 150, 423	$1, 291, 771	$1, 217, 695	$ 158, 166	$1, 375, 861

Note: The depreciation expenses for renewable energy equipment (recorded in property, plant and equipment) in 2023 and 2022 were $5,855 thousand and $4,928 thousand, respectively, and recorded as non-operating income and expenses – other; the depreciation expenses of investment properties in 2023 and 2022 were $5,990 thousand and $5,154 thousand, respectively, and recorded as non-operating income and expenses – other (direct operating expenses for investment properties).

1. As of December 31, 2023 and 2022, the number of employees of the Company is 1,268 and 1,238, respectively, including average 6 directors who are not hired as employees for both years, with counting basis consistent with that of employee benefits.
2. In 2023 and 2022, the Company’s average employee benefit expenses were $716 thousand and $769 thousand, respectively; the average employee salary expenses were $606 thousand and $652 thousand, respectively, and the adjustment and changes on the average employee salary expenses were (7.06%) and (6.99%), respectively.
3. The Company has established an Audit Committee according to the ROC Securities and Exchange Act, which is composed of all independent directors to replace supervisors. Therefore, there is no compensation to supervisors.
4. The Company’s payroll compensation policies (including directors, managers and employees):

   (1) Relationships among the payment policy, standards and structure for directors’ remuneration, business performance and future risks of the Company:

   A. Under the Company's Articles of Incorporation: Remunerations to the chairman and directors are determined based on their degree of involvement in the

Company’s business operations, duties assumed, while referencing to the peer standards in the industry and the Company’s payroll evaluation regulations.

B. According to Article 26 of the Company’s Artilcles of Incorporation: If the Company has profit in a year (that is, profit before deducting income tax, compensation to employees and directors’ remuneration), the Company shall allocate not higher than 3% of annual profits as directors’ and supervisors’ remuneration. The remuneration plan is then proposed by the Remuneration Committee, passed by the Board of Directors, and proposed to the shareholders’ meeting.

(2) Relationships among the payment policy, standards and structure for payments to the general manager and deputy general manager(s), business performance and future risks of the Company:

The compensation payable to the Company’s general manager and deputy general manager(s) are determined according to their individual performances and the overall contribution to the Company’s operations and by referencing to peer standards in the industry. In addition, the Company’s future operating risks are considered and, based on the Company’s payroll evaluation regulations, the remuneration plan is proposed by the Remuneration Committee and passed by the Board of Directors.

(3) Relationships among the payment policy, standards and structure for payments to employees, business performance and future risks of the Company:

A. According to the related payroll payment regulations, compensation to the Company’s employees are determined based on the individual performances, contribution to the Company’s overall operation goals and by referencing to peer standards in the industry. In addition, the Company’s future operating risks, opportunities for various career developments are considered and via open and transparent promotion mechanism, higher posts or salary compensation are offered to bring the origination toward positive development and mutual growth.

B. According to Article 26 of the Company’s Articles of Incorporation: If the Company has profit in a year (that is, profit before deducting income tax, compensation to employees and directors’ remuneration), the Company shall first allocate 2% of annual profits as employees’ compensation. The remuneration plan is then passed by the Board of Directors, and proposed to the shareholders’ meeting.

5. In accordance to the Company’s Articles of Incorporation, if the Company has profit in a year, it shall first appropriate 2% as employees’ compensation and allocate not

higher than 3% as directors' and supervisors' remuneration. But if the Company still has accumulated losses, the profit shall first used to offset losses.

6. Regarding estimation of the payable compensation to employees, directors and supervisors, based on profitability in the current year, along with considerations on the expected distribution amount, the upper and lower percentage limits under corporate charter and other factors, the Company's management estimates the compensation according to the current-period profit amount before deducting income tax, compensation to employees and directors' remuneration. For 2023 and 2022, since the Company had net loss before tax, therefore, no compensation to employees or and remuneration to directors and supervisors were estimated. However, before the issuance date of these financial statements and after resolution by the Board of Directors, if there is material change in the distribution amount, the change would be adjusted in the current-year expense; if subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the next year.
7. On March 8, 2024 and March 10, 2023, the Board of Directors had passed resolution to not distribute compensation to employees and remuneration to directors and supervisors for 2023 and 2022. The aforementioned distribution amounts are not different from those estimated in 2023 and 2022 financial statements.
8. Information on employees' compensation and remuneration for directors and supervisors of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System at the website of the TWSE.

6.37 Changes in liabilities from financing activities

Item	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received
Balance, January 1, 2023	$1, 479, 900	$ 49, 963	$ −	$ 65, 228	$ 23, 294
Net changes in financing cash flows	(569, 900)	530, 000	1, 200, 000	(11, 705)	(5, 884)
Noncash changes – lease addition/remeasurement	−	−	−	59, 108	−
Noncash changes - note discounts	−	(54)	−	−	−
Balance, December 31, 2023	$ 910, 000	$ 579, 909	$1, 200, 000	$ 112, 631	$ 17, 410

Item	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received
Balance, January 1, 2022	$1, 260, 000	$ 499, 845	$ −	$ 75, 960	$ 23, 164
Net changes in financing cash flows	219, 900	(450, 000)	−	(12, 613)	130
Noncash changes – lease addition/remeasurement	−	−	−	1, 881	−
Noncash changes - note discounts	−	118	−	−	−
Balance, December 31, 2022	$1, 479, 900	$ 49, 963	$ −	$ 65, 228	$ 23, 294

6.38 Income tax

1. Components of income tax expense:

(1) Income tax expense recognized in profit or loss

Item	2023		2022	
Current income tax	$	−	$	−
Deferred income tax expense (benefit)				
Initial occurrence and reversals of temporarily differences	(	61,802)	(	3,949)
Net (increase) decrease in deferred income tax	(	61,802)	(	3,949)
Adjustments in respect of prior years		−	(	449)
Income tax expense (benefit) recognized in profit or loss	($	61,802)	($	4,398)

(2) Income tax expense recognized in other comprehensive income:

Item	2023		2022	
Deferred income tax				
Re-measurement of defined benefit plan	$	339	$	1,148
Net decrease (increase) in deferred income tax		339		1,148
Income tax expense (benefit) recognized in other comprehensive income	$	339	$	1,148

2. Reconciliation between accounting profit and income tax expense recorded in profit or loss:

Item	2023		2022	
Income (loss) before tax for continuing operations	($	301,958)	($	286,192)
Income tax expense (benefit) at the statutory tax rate	(	60,392)	(	57,238)
Income tax effects from adjustment items:				
Items excluded when determining taxable income	(	17,735)		57,238
Additional tax under minimum tax system		−		−
Additional income tax on unappropriated earnings		−		126
Operating loss carryforward generated		78,127		−
Operating loss carryforward used		−		−
Investment deduction utilized		−	(	126)
Income tax payable in the current period		−		−
Net (increase) decrease in deferred income tax	(	61,802)	(	3,949)
Income tax adjustments for prior years		−	(	449)
Income tax expense (benefit) recorded in profit or loss	($	61,802)	($	4,398)

The applicable income tax rate for the Company was 20%.

3. Balance of income tax assets (liabilities) in the current period

Item	December 31, 2023	December 31, 2022
Income tax assets in the current period		
Prepaid income tax	$ 25	$ 3

Income tax liabilities in the current period: None

4. Balance of deferred income tax assets (liabilities)

	2023			
Item	January 1	Profit or loss	Other comprehensive income	December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 37, 034	($ 12, 634)	$ –	$ 24, 400
Unrealized exchange loss	–	4, 949	–	4, 949
Accrued vacation pays	5, 580	217	–	5, 797
Defined benefit obligation plan	13, 686	(2, 882)	(339)	10, 465
Different treatments on depreciation between financial and tax	22, 090	(5, 669)	–	16, 421
Impairment loss on tangible assets	435	(435)	–	–
Operating loss carryforward	–	78, 127	–	78, 127
Total	$ 78, 825	61, 673	(339)	$ 140, 159
Deferred tax liabilities				
Unrealized gain on foreign currency exchange	$ 129	(129)	–	$ –
Reserve for Land Value Increment Tax	137, 395	–	–	137, 395
Total	$ 137, 524	(129)	–	$ 137, 395
Net increase (decrease)		$ 61, 802	($ 339)	

Item	2022 January 1	Profit or loss	Other comprehensive income	December 31
Deferred income tax assets				
Loss on market price decline and obsolete/ slow-moving inventories	$ 23, 738	$ 13, 296	$ -	$ 37, 034
Unrealized exchange loss	3	(3)	-	-
Accrued vacation pays	5, 114	466	-	5, 580
Defined benefit obligation plan	19, 677	(4, 843)	(1, 148)	13, 686
Different treatments on depreciation between financial and tax	26, 928	(4, 838)	-	22, 090
Impairment loss on tangible assets	435	-	-	435
Total	$ 75, 895	4, 078	(1, 148)	$ 78, 825
Deferred tax liabilities				
Unrealized gain on foreign currency exchange	$ -	129	-	$ 129
Reserve for Land Value Increment Tax	137, 395	-	-	137, 395
Total	$ 137, 395	129	-	$ 137, 524
Net increase (decrease)		$ 3, 949	($ 1, 148)	

5. Deferred income tax assets of the Company that were not recorded and not quite likely to realize

Item	December 31, 2023	December 31, 2022
Deferred income tax assets		
Investing deductions	$ 4, 485	$ 2, 074

6. Unrecognized deferred tax liabilities related to investments

The temporary differences related to the Company's investments are not recognized because the Company can control timing to reverse those temporary differences, and it is very likely that those temporary differences would not be reversed in foreseeable future. Therefore, no deferred income tax liability was recorded. As of December 31, 2023 and 2022, the un-recognized taxable temporary differences related to investments were $2,134 thousand and $2,063, respectively.

7. As of December 31, 2023, the Company's investment tax credits are summarized as below:

Final creditable year	Legal basis	Deduction item	Balance of unrecognized tax credit
2024	Article 10 of Statute for Industrial Innovation	Research and development expense	$ 1, 826
2024	Article 10-1 of Statute for Industrial Innovation	Invest in Intelligent Machine and Fifth Generation Mobile Communication System	2, 659
Total			$ 4, 485

8. The Company's income tax returns through 2021 had been assessed and approved by the Tax Authority.
9. The potential income tax consequences of the additional income tax on 2023 undistributed earnings are not material to the Company because there was a net loss for the period in 2023.
10. Pillar Two Income Tax Act

    Taiwan, where the Company is domiciled, has not yet enacted the Pillar Two Income Tax Act; therefore, the Company has no related current income tax impact.

6.39 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			2022		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)
Basic loss per share:						
Net loss	($240, 156)	531, 688	($ 0. 45)	($281, 794)	531, 688	($ 0. 53)

7. Related Party Transactions

7.1 Parent company and the ultimate controlling party

The Company is itself the ultimate controlling party.

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
ZIS Holding Co., Ltd.	Subsidiary of the Company
Nicest Int'L Trading Corp.	Subsidiary of the Company
Ding Sheng Material Technology Corporation Limited	Subsidiary of the Company
Suzhou Hongsheng Trading Co., Ltd.	Subsidiary of the Company
Ding Sheng Material Technology Corporation	Subsidiary of the Company
Su, Liao Hsiu Chin and 2 other individuals	Substantial related party
All directors, general manager and vice general managers	Key management

7.3 Significant transactions with related parties

1. Sales

Related party category	2023	2022
Company that key management has significant influence	$ 303, 508	$ 264, 362
Subsidiary	39, 388	57, 067
Total	$ 342, 896	$ 321, 429

The transaction prices and sales terms of goods sold to the Company’s related parties are similar to those of ordinary non-related parties.

2. Purchases

Related party category	2023	2022
Company that key management has significant influence	$ 1, 505	$ 989
Subsidiary	119	78
Total	$ 1, 624	$ 1, 067

The transaction prices and purchase terms of goods purchased from the Company’s related parties are similar to those of ordinary non-related parties.

3. Lease agreement (lessee)

(1) Right-of-use assets

Related party category	December 31, 2023	December 31, 2022
Su, Liao Hsiu Chin and 2 other individuals	$ 29, 566	$ 32, 523

(2) Lease liabilities－current

Related party category	December 31, 2023	December 31, 2022
Su, Liao Hsiu Chin and 2 other individuals	$ 2, 864	$ 2, 824

(3) Lease liabilities－noncurrent

Related party category	December 31, 2023	December 31, 2022
Su, Liao Hsiu Chin and 2 other individuals	$ 27, 676	$ 30, 540

(4) Interest expense

Related party category	2023	2022
Su, Liao Hsiu Chin and 2 other individuals	$ 474	$ 513

(5) In 2023 and 2022, the total amount of rents that the Company had paid to Su, Liao Hsiu Chin and 2 other individuals were $3,298 thousand for both of the years.

(6) As of December 31, 2023 and 2022, the Company has entered into future years' building lease agreements with Su, Liao Hsiu Chin and 2 other individuals, and has first drawn post-dated notes (unlisted) amounting to $2,898 thousand and $0, respectively, under the agreements to be cashed at the time of the 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. Lease agreement (lessor)

Rental income

Lessee/Related party category	2023	2022
Subsidiary	$ 96	$ 96

The above rental income is from the Company's lease of its office to its related party; the rent of the lease contract is computed and determined by both sides based on general market standard.

5. Claims and debts between the Company and the related parties (all interest free):

(1) Accounts receivable

Related party category	December 31, 2023	December 31, 2022
Company that key management has significant influence	$ 25, 738	$ 32, 714
Subsidiary	15, 172	34, 065
Total	$ 40, 910	$ 66, 779

(2) Accounts payable

Related party category	December 31, 2023	December 31, 2022
Company that key management has significant influence	$ 126	$ 39

(3) Other payables

Related party category	December 31, 2023	December 31, 2022
Subsidiary	$ 49	$ 99
Key management	15	–
	$ 64	$ 99

6. Others

Item	Related party category	2023	2022
Sale of defect products	Company that key management has significant influence	$ 616	$ 1, 076
Sale of R&D samples	Subsidiary	23, 426	9, 425
Sales processing fees	Subsidiary	609	490
Purchase of leftover yarn and empty tubes	Company that key management has significant influence	1, 384	1, 031

7.4 Key management compensation

Item	2023	2022
Salaries and other short-term employee benefits	$ 26, 645	$ 33, 816
Termination benefits	–	–
Post-employment benefits	127	72
Other long-term benefits	–	–
Share-based payments	–	–
Total	$ 26, 772	$ 33, 888

8. Pledged Assets:

Item	Pledged for	December 31, 2023	December 31, 2022
Land	Collateral for comprehensive credit facility	$ 372, 174	$ –
Buildings	Collateral for comprehensive credit facility	38, 119	–
Total		$ 410, 293	$ –

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

In addition to those disclosed in other notes, the Company had the following significant contingent liabilities and unrecognized contractual commitments at the end of the reporting period:

9.1 Endorsements and guarantees: None

9.2 Guarantee notes issued

As of December 31, 2023 and 2022, due to entering of comprehensive credit contracts, the Company had issued $900,000 thousand of guarantee notes in both years to the financial institutions.

9.3 Guarantee notes received

To ensure collectability for contracts signed, equipment warranty and guarantees for sales contracts, the Company received guarantee notes of $645,473 thousand and $693,412 thousand as of December 31, 2023 and 2022, respectively.

9.4 The unused letters of credit as of December 31, 2023 and 2022 are as follows: (Unit: thousand dollars)

Date	Balances of issued yet unused letters of credit
December 31, 2023	NTD585,600, EUR400, USD3,023, CNY4,000
December 31, 2022	NTD37,000, EUR807, USD4,537, CNY24,000, JPY42,500

9.5 Significant capital expenditures, such as property, plant and equipment, etc., committed but not yet paid as of December 31, 2023 and 2022 were NTD$173,353 thousand, and NTD$429,768 thousand.

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None.

12. Others

12.1 Explanation for seasonal or periodical interim operations

The Company's operations are not affected by seasonal or periodical factors.

12.2 Capital risk management

The Company conducts capital management to sustain a robust capital basis and, by maintaining the most appropriate balances of debts and equity, maximizes return to shareholders. By periodically reviewing and measuring the related costs, risks and rate of return, ensure good profit level and financial ratios. When necessary, via various financing ways, balance the overall capital structure to afford various capital expenditures, operating funds, repayment of debts and dividends, and other needs.

12.3 Financial instruments

1. Types of financial instruments

Financial assets	December 31, 2023	December 31, 2022
Financial assets measured at FVTPL		
Mandatorily measured at FVTPL	$ 721, 420	$ 585, 649
Financial assets measured at FVTOCI		
Designated investments in equity instruments	180, 826	195, 288
Financial assets measured at amortized cost		
Cash and cash equivalents	120, 678	59, 634
Notes and accounts receivable (including related parties)	1, 361, 029	839, 675
Other receivables	10, 877	2, 040
Refundable deposits	18, 296	22, 830

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities measured at FVTPL		
Mandatorily measured at FVTPL	$ 384	$ –
Financial liabilities measured at amortized cost		
Short-term borrowings	910, 000	1, 479, 900
Short-term notes and bills payable	579, 909	49, 963
Notes and accounts payable (including related parties)	641, 187	383, 674
Other payables (including related parties)	281, 771	273, 358
Lease liabilities – current and noncurrent	112, 631	65, 228
Guarantee deposits received	17, 410	23, 294

2. Financial risk management policies

The Company’s daily activities are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Company’s overall risk management strategy focuses on identifying, assessment and avoiding uncertainties of markets in order to mitigate potential adverse effects on the Company’s financial performance from market fluctuations.

The Company’s material financial activities are reviewed and approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

3. Nature and degree of material financial risks

(1) Market Risk

The market risks of the Company are risks of fluctuations of fair value or cash flows from changes in market prices of financial instruments. Market risk includes foreign exchange risk, interest rate risk and price risk.

A. Foreign exchange rate risk

The Company engages in businesses that involve several non-functional currencies (the functional currency of the Company is New Taiwan Dollars), therefore, the Company is affected by fluctuations in exchange rates. The foreign-currency assets and liabilities subjected to significant impacts from fluctuations in exchange rates are as following:

Item (Foreign currency: functional currency)	December 31, 2023 Amount in Foreign Currency	December 31, 2023 Exchange Rate of functional currency	December 31, 2023 In NTD	December 31, 2022 Amount in Foreign Currency	December 31, 2022 Exchange Rate of functional currency	December 31, 2022 In NTD
Financial assets						
Monetary items						
USD:NTD	$ 22, 527	30. 655	$ 690, 565	$ 8, 857	30. 71	$ 271, 998
CNY:NTD	2, 356	4. 3020	10, 136	4, 244	4. 4080	18, 708
Financial liabilities						
Monetary items						
USD:NTD	2, 889	30. 655	88, 562	4, 588	30. 71	140, 897
CNY:NTD	4, 000	4. 3020	17, 208	-	-	-

Note: Non-monetary assets in foreign currency measured at historical exchange rates on the transaction dates are not disclosed since those assets does not have significant impact on the Parent Company Only Financial Statements.

The Company's sensitivity analysis of foreign currency risk focuses on the major foreign monetary and non-monetary items on the reporting date and their foreign exchange effects on the Company's profit or loss and equity. When the foreign exchange rates appreciate/depreciate by 1%, the Company's net income in 2023 and 2022 would increase/decrease by $4,759 thousand and $1,198 thousand, respectively. 1% is the sensitivity ratio used for the Company's internal reporting on foreign exchange risks to key management, it also represents the management's assessment on the reasonable range of potential changes in foreign exchange rates.

The unrealized net exchange gain (loss) arising from significant foreign exchange movement on the monetary items held by the Company for 2023 and

2022 amounted to ($24,747) thousand and $644 thousand, respectively. Due to complexity and large volume of transaction in foreign currencies, the unrealized exchange gain (loss) is expressed in summarized amounts.

B. Interest rate risk

Interest rate risk is the risk of fluctuations in fair value of financial instruments or in future cash flows due to changes in market interest rates. The Company's interest rate risk mainly comes from borrowings with floating interest rates. However, part of the risks are offset by the held cash and cash equivalents with floating interest rates. Since the Company regularly assess the trend of change in interest rates and would make timely responses, material risk from changes in market interest rates is not expected to occur. If the borrowing interest rate is increased/decreased by 10 basis points, given other factors remain constant, the Company's net income will decrease/increase by $1,709 thousand and $1,372 thousand for 2023 and 2022, respectively.

C. Price risk

The Company is exposed to the price risk of equity instruments since the investments held by the Company are classified either as financial assets measured at FVTPL or at FVTOCI. In order to manage the price risk of equity instruments, the Company diversifies its investment portfolios, with the diversification methods based on the limits set by the Company. The prices of financial assets measured at FVTPL or at FVTOCI invested by the Company would be affected by uncertainties of future value of the investment targets. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, the after-tax profit for 2023 and 2022 would have increased/decreased by $7,210 thousand and $5,856 thousand, respectively; equity would have increased/decreased by $1,808 thousand and $1,953 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 Company. The Company is exposed to credit risk from operating activities (primarily accounts and notes receivable) and from financing activities (primarily bank deposits and various financial instruments). Business-related credit risk and financial credit-related risks are managed separately.

A. Business-related credit risk:

In order to manage credit risk of customers, the business units follow the Company's policies and procedures for customer credit risk. Credit-risk evaluation for all customers is performed by overall consideration on the customer's financial condition, ratings made by credit organizations, historical transaction experience, present economic conditions, the Company's internal rating standards and other factors. In addition, the Company may also use credit enhancement tools (such as advance sales receipts) in proper time to lower credit risks of certain customers.

B. Financial credit risk:

The Company's finance department manages credit risks of bank deposits and other financial instruments according to company policies. Since the Company's transaction counterparties are determined by internal control procedures and are creditworthy banks and investment grade or higher-level financial institutions, company organizations, etc. which do not have significant risk of contract default, therefore, there is no significant financial credit risk.

C. Credit risk information for receivables

The Company adopts the presumptions under IFRS 9. When an account is overdue over 30 days based on the agreed contractual payment terms, the credit risk of the financial asset is considered to have significantly increased after initial recognition; When overdue over 365 days based on the agreed contractual payment terms, or when the debtor is unlikely to fulfill its credit obligation and fully pays to the Company, the Company regards default has occurred to the financial asset.

In order to reduce credit risks, the management of the Company has designated a dedicated team responsible for determining the credit line, credit approval, and other supervision procedures, to ensure appropriate actions have been made to recover the overdue accounts. Besides, on each balance sheet date, the Company had reviewed the recoverable amount for each account to ensure that appropriate impairment loss had been recorded. As the Company's customers comprise with a wide and unrelated range, the concentration of credit risk is limited. The Management therefore believes that the Company's credit risk has been significantly reduced accordingly. For aging analysis and loss allowance of accounts receivable, please refer to illustrations in Note 6.3 and 6.4.

The Company's major credit risks are centered on the top 10 customers of the Company. As of December 31, 2023 and 2022, the above customers account for 43.61% and 34.64% of the Company's total accounts receivables (including related parties), respectively.

D. Exposure to credit risk

The Company conducts business with financial intuitions with good credit, and the Company diversifies the credit risk by doing business with several financial institutions, therefore, the expected rate of default is quite low; The Company makes sales only to approved third parties with good credit, granting credit lines according to established procedures, continue to understand the credit condition of the customers, periodically assess the possibility of recovering the accounts and recognize sufficient loss allowance. The management considers that the credit risk of the Company's receivables is not overly centered. Therefore, the maximum exposure amounts of the Company's cash and cash equivalent, receivables, and other financial assets as of the balance sheet date are the same as their book value.

	December 31, 2023		December 31, 2022	
Financial assets	Carrying amount	Maximum amount exposed to credit risk	Carrying amount	Maximum amount exposed to credit risk
Cash and cash equivalents	$120, 678	$ 120, 678	$ 59, 634	$ 59, 634
Notes receivable	102, 957	102, 957	128, 376	128, 376
Accounts receivable (including related parties)	1, 258, 072	1, 258, 072	711, 299	711, 299
Other receivables	10, 877	10, 877	2, 040	2, 040

(3) Liquidity risk

Liquidity risk refers to risk of unable to liquidate by the expected time. The Company manages funds, achieves objectives of utilizing funds flexibly and maintaining funds mainly through borrowing from financial institutions, cash and cash equivalents and other tools, etc. The capital of the Company and operating funds are sufficient to fulfill all contractual obligations, therefore, there is no liquidity risk due to unable to acquire sufficient fund to fulfill contractual obligations.

The following schedule summarizes the Company's non-derivative financial liabilities and derivative financial liabilities traded based on net amount or gross amount, grouped according to the respective expiration dates and prepared according to the earliest possible requested repayment dates and the undiscounted cash flows. The Company does not expect significant early expiration or deviation of the actual cash flows. Regarding cash flows for interest payments that are subjected to floating interest rates, the undiscounted interest amounts are derived from the projected curve of yield rates on the balance sheet date. Therefore, the amounts of non-derivative financial liabilities subjected to floating interest rates would change due to the difference between the estimated interest rates on the balance sheet date and the actual floating rates. Regarding maturity analysis on lease liabilities, please refer to Note 6.12-2(2).

	December 31, 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	$ 916, 111	$ −	$ −	$ −	$ −	$ 916, 111	$ 910, 000
Short-term notes and bills payable	580, 000	−	−	−	−	580, 000	579, 909
Notes payable	174, 111	−	−	−	−	174, 111	174, 111
Accounts payable (including related parties)	467, 076	−	−	−	−	467, 076	467, 076
Other payables (including related parties)	281, 771	−	−	−	−	281, 771	281, 771
Long-term borrowings	11, 850	11, 850	376, 886	840, 691	−	1, 241, 277	1, 200, 000
Derivative financial liabilities							
FX Swap Contract							
Outflows	384	−	−	−	−	384	384

	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 and bills payable	50, 000	−	−	−	−	50, 000	49, 963
Notes payable	166, 516	−	−	−	−	166, 516	166, 516
Accounts payable (including related parties)	217, 158	−	−	−	−	217, 158	217, 158
Other payables (including related parties)	273, 358	−	−	−	−	273, 358	273, 358

12.4 Fair value information

1. Fair value levels:

Based on observable degrees, the valuation methods used to measure the fair value of financial and nonfinancial instruments may be classified into the following 1~3 levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. inferred from price).

Level 3: Refers to valuation methods that derive fair value of assets or liabilities based on input parameters from unobservable market data (unobservable parameters).

2. Financial instruments that are not measured at fair value

The book value of the Company's financial instruments that are not measured at fair value (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets – current, short-term borrowings, short-term notes payable, notes and accounts payable (including related parties), other payables (including related parties), etc.) approximates their fair value; the affect due to whether or not the expected cash flows from refundable deposits or guarantee deposits received are discounted is not material, therefore, their book value provides a reasonable basis for estimating their fair value. Long-term borrowing contracts have contractual floating interest rates. The fair value of the long-term borrowings was estimated to be approximately equal to their carrying amounts based on the discounted value of the expected cash flows because most of the floating interest rates were close to market rates.

3. Regarding the financial and non-financial instruments that are measured at fair value as of December 31, 2023 and 2022, the Company classifies the assets and liabilities based on their nature, characteristics, level of risks and fair value:

	December 31, 2023			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at FVTPL – current				
Listed and emerging stocks	$ 721, 420	$ –	$ –	$ 721, 420
Financial assets at FVTOCI – noncurrent				
Non-listed stocks and limited partnership	–	–	180, 826	180, 826
Total	$ 721, 420	$ –	$ 180, 826	$ 902, 246
Liabilities				
Recurring fair value				
Financial liabilities at FVTPL – current				
Derivative instruments – FX Swap Contract	$ –	$ 384	$ –	$ 384

	December 31, 2022			
Financial and non-financial instruments	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL – current				
Listed stocks	$ 585, 178	$ –	$ –	$ 585, 178
Derivative instruments –FX Swap Contract	–	471	–	471
Financial assets at FVTOCI – noncurrent				
Non-listed stocks and limited partnership	–	–	195, 288	195, 288
Total	$ 585, 178	$ 471	$ 195, 288	$ 780, 937

4. The methods and assumptions used for measuring fair values

The fair value of financial and non-financial instruments refers to the transaction amount with voluntary parties (not by force or by means of liquidation). The methods and assumptions used by the Company when estimating fair value of financial and non-financial instruments are as follows:

(1) Regarding financial instruments with standard terms and condition and are traded in active markets, their fair value are determined using the quoted prices in their respective markets. For, listed securities, the closing prices are used as fair value and the fair value of emerging stocks is based on the transaction price.

(2) Except for above financial instruments with active markets, when evaluating non-standarized and low complexity financial instruments, such as derivatives – forward exchange contracts and FX Swap contracts, their fair values are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the Parent Company Only balance sheet date. The Company adopts valuation methods and model that are widely accepted by market participants, the inputs used by such valuation model for financial instruments are generally observable market information, and the forward exchange contracts are generally valued at the forward exchange rates at the present time.

(3) Regarding financial instruments with higher complexity, the Company measures the fair value based the valuation methods and techniques widely used by peers in the same industry and self-developed valuation models. Part of the parameters used by such types of valuation models is not based on observable information in the market, and the Company has to make appropriate estimation-based assumptions. The fair value of the Company's held non-listed stocks and limited partnership are estimated either by market approach or asset approach and valuations is made by referencing to similar companies, third-party quotes, net value of the companies, and operating conditions. The major material unobservable input value is liquidity discount. For the effects to the valuation for financial instruments from parameters that are not observable in the market, please refer illustrations in Note 12.4-10.

(4) The output of the valuation model is the computed approximate value, and the valuation technique may not be able to reflect all relevant factors of the Company's held financial and non-financial instruments. Therefore, the estimated value of the valuation model would be properly adjusted based on additional

parameters, such as model risk or liquidity risk. Based on the Company's management policy for fair-value valuation model and the related controlling procedures, the valuation adjustments are appropriate and necessary. The price information and parameters used during the valuation procedures are assessed carefully and are properly adjusted based the current market conditions.

(5) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

5. Transfer between Level 1 and Level 2 of the fair value hierarchy in 2023 and 2022: None

6. Changes in Level 3 financial instruments for 2023 and 2022

Item	Non-derivative equity instruments – unlisted stocks and limited partnership 2023	Non-derivative equity instruments – unlisted stocks and limited partnership 2022
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	(20, 956)	(32, 971)
Capital distribution in this period	(510)	(210)
Transfer into (out from) Level 3	-	-
Recognized in other comprehensive income	9, 115	(18, 529)
Ending balance	$ 180, 826	$ 195, 288

7. In 2022 and 2021, the Company did not have fair value transferred in or out from Level 3.

8. According to the Company's valuation procedures for Level 3 fair value classification, the Company's accounting department, along with outside professional appraisal institutions, share the work to independently verify the fair value of the financial instruments. The valuation works include using independent source data to make the valuation result close to the market condition and confirming independence and reliability of the data source, consistency with other resources, and representing execution price. The required input value and data are periodically updated, and any other necessary fair value adjustments are made to ensure reasonable valuation results.

9. Illustrations for quantified information of material unobservable input value and sensitivity analysis for changes in material unobservable input value for Level 3 fair value measurement items are as following:

Item	Fair value as of December 31, 2023	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Un-listed stocks	$ 143, 416	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	37, 410	Asset approach	NA	NA	NA
Total	$ 180, 826				

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	$ 195, 288				

10. After careful selection of valuation model and the parameters, the Company considers that the fair value measurements are reasonable. But when different valuation model or the parameters are used, the valuation results may be different. Regarding the financial assets and liabilities classified as Level 3, if there is change in the valuation parameters, then the affects to the current-period profit and other comprehensive income would be as following:

			2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
Item	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments:						
Un-listed stocks	Liquidation discount	+1%	$ -	$ -	$ -	($ 1, 919)
		-1%	$ -	$ -	$ 1, 919	$ -

Item	Input value	Change	2022			
			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, 059)
		−1%	$ −	$ −	$ 2, 059	$ −

13. Supplementary disclosures

13.1 Information on significant transactions, and

13.2 Information on investees

1. Loans to others: None;
2. Endorsements and guarantees provided to others: None;

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures)

Unit: Thousand shares/units (unless specified otherwise):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	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	$ 16, 432	0. 06	$ 16, 432
		Yi Jinn Industrial Co., Ltd.	—	Financial assets measured at FVTPL - current	7, 146	132, 916	2. 37	132, 916
		Lan Fa Textile Co., Ltd.	—	Financial assets measured at FVTPL - current	677	6, 838	0. 19	6, 838
		De Licacy Industrial Co., Ltd.	—	Financial assets measured at FVTPL - current	1, 408	18, 799	0. 35	18, 799
		Eclat Textile Co., Ltd.	—	Financial assets measured at FVTPL - current	303	170, 076	0. 11	170, 076
		TSRC Corporation	—	Financial assets measured at FVTPL - current	400	9, 640	0. 05	9, 640
		Evergreen Marine Corporation (Taiwan) Ltd.	—	Financial assets measured at FVTPL - current	1, 700	243, 950	0. 08	243, 950
		China Airlines Ltd.	—	Financial assets measured at FVTPL - current	1, 000	21, 650	0. 02	21, 650
		Wan Hai Lines Ltd.	—	Financial assets measured at FVTPL - current	100	5, 500	-	5, 500
		Eva Airways Corporation	—	Financial assets measured at FVTPL - current	97	3, 050	-	3, 050
		Great Giant Fibre Garment Co., Ltd.	—	Financial assets measured at FVTPL - current	141	17, 119	0. 23	17, 119
		Nan Ya Printed Circuit Board Corporation	—	Financial assets measured at FVTPL - current	300	75, 450	0. 05	75, 450
		Lilyent Corp.	—	Financial assets measured at FVTOCI - noncurrent	2, 881	58, 949	4. 01	58, 949
		Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Financial assets measured at FVTOCI - noncurrent	4, 890	53, 984	13. 99	53, 984
		Yi Tong Fiber Co., Ltd	—	Financial assets measured at FVTOCI - noncurrent	671	29, 114	1. 52	29, 114
		Chu Sing Industrial Co., Ltd	—	Financial assets measured at FVTOCI - noncurrent	29	1, 369	3. 32	1, 369
		Ability Asia Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - noncurrent	1, 600	16, 064	1. 04	16, 064
	Partnership	Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	—	Financial assets measured at FVTOCI - noncurrent	-	21, 346	-	21, 346

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:

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Zig Sheng Industrial Co., Ltd.	Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Sale	$303, 508	3. 93%	15 days after month closing	No significant difference	No significant difference	Accounts receivable $25,738	Accounts receivable 2.05%

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9. Information about the derivative financial instruments transaction: Please see Note 6.2-3.

10. Name, location, etc. of investee companies over which the Company has direct or indirect influence, control or joint control (not including investments in Mainland China)

In thousands of NTD/USD

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 (Note)	Footnote
				End of period	End of last year	Number of shares (thousand)	Percentage of ownership	Carrying value			
Zig Sheng Industrial Co., Ltd.	ZIS Holding Co., Ltd.	Mauritius	Make various investments outside of Taiwan 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%	$19, 555	$ 1, 891	$ 2, 240	Include $349 thousand of net positive 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%	7, 261	4, 625	(1, 221)	Include $29 thousand of net negative adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view and include $5,817 thousand of net negative adjustment to make a provision for loss on claims against subsidiaries.
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	USA	General import/export trading	6, 340	6, 340	200	100%	(260)	4, 717	4, 717	

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.

13.3 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)	—	—	$185,020 (USD5,400)	($ 54, 627)	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, 891	100.00%	$1,891 Note (2)	$20,670 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)	$3,783,814

Note: (1) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investment is approved by the government.

(2) Investments in the third area, the investment income or loss under equity method and ending carrying amounts are recognized according to the direct and indirect shareholding ratio and the financial statements of Mainland China investee companies audited by the CPA of Parent company.

(3) Shareholding ratio does not reach 50%, without controlling power, and the Company does not endorse any debt or other financial commitment of the investee company. Therefore, the carrying amount under equity method only written down to zero.

(4) According to regulation by Investment Commission, MOEA, the accumulated investment amount or ratio in the investments in Mainland China is limited to 60% of the Company's equity or consolidated equity, whichever is higher.

(5) Except for initial outbound investment measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

2. Material transactions with investee companies in Mainland China directly or indirectly through third area:

(1) Purchase amounts and percentage and the related ending balances accounts payable and percentage

A. For the year ended December 31, 2023:

	Purchases		Accounts Payable	
Name of related party	Amount	Percentage of the Company's total purchases	Amount	Percentage of the Company's total accounts payable
Suzhou Hongsheng Trading Co., Ltd.	$ 119	–	$ –	–

B. For the year ended December 31, 2022:

	Purchases		Accounts Payable	
Name of related party	Amount	Percentage of the Company's total purchases	Amount	Percentage of the Company's total accounts payable
Suzhou Hongsheng Trading Co., Ltd.	$ 78	–	$ –	–

C. The above purchase terms were made according to agreed prices, the payment terms is 90 days after month closing.

(2) Sales amounts and percentage and the related ending balances of accounts receivable and percentage

A. For the year ended December 31, 2023:

	Sales revenue		Accounts receivable	
Name of related party	Amount	Percentage of the Company's total sales	Amount	Percentage of the Company's total accounts receivable
Suzhou Hongsheng Trading Co., Ltd.	$32, 699	0. 42%	$10, 121	0. 80%

B. For the year ended December 31, 2022:

	Sales revenue		Accounts receivable	
Name of related party	Amount	Percentage of the Company's total sales	Amount	Percentage of the Company's total accounts receivable
Suzhou Hongsheng Trading Co., Ltd.	$40, 373	0. 44%	$18, 703	2. 63%

C. The above sales terms were made according to agreed prices, the collection terms is 90 days after month closing.

(3) Property transaction amounts and the gains or losses generated: None

(4) Balances of guaranteed notes or collaterals offered and their purposes: None

(5) The highest amount, ending balance, range of interest rates and total interest amount of financial accommodation: None

(6) Other transactions that have material effects on the current-period profit (loss) or on the financial position:

A. The Company paid $609 thousand and $469 thousand of business processing fees to Suzhou Hongsheng Trading Co., Ltd. in 2023 and 2022, respectively. The amounts are recorded in operating expense.

B. The Company sold R&D samples to Suzhou Hongsheng Trading Co., Ltd. for $23,426 thousand and $9,425 thousand in 2023 and 2022, respectively. The amounts are recorded in non-operating income – other income.

C. The unrealized sales gains generated from the sales transactions between the Company and Suzhou Hongsheng Trading Co., Ltd. in 2023 and 2022 were $1,487 thousand and $90 thousand, respectively; the realized sales gains were $90 thousand and $479 thousand, respectively.

13.4 Information on major shareholders

2023.12.31.

Shares / Name of Major Shareholders	Number of Shares Held	Percentage of Ownership (%)
Yi Sheng Investment Co., Ltd.	52, 783, 760	9. 92%
Su, Bai Huang	27, 160, 455	5. 10%
Su, Ching Yuan	27, 044, 389	5. 08%

Note: 1. The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

2. If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

14. Segment Information

The Company had disclosed the related segment information in the Consolidated Financial Statements per regulations; therefore, the segment information is not disclosed in the Parent Only Financial Statements.

Zig Sheng Industrial Co., Ltd.
Schedule of Significant Accounting Items
December 31, 2023
Table of Content

Zig Sheng Industrial Co., Ltd.

Schedule of Cash and Cash Equivalents

December 31, 2023

Schedule I

In thousands of NTD and foreign currencies

Item	Amount		Footnote
	Subtotal	Total	
Cash and petty cash		$ 1, 306	
Cash on hand	$ 456		Including USD32、CNY1、HKD1、JPY105、EUR1
Petty cash	850		
Cash in banks		119, 372	
Check deposits	82, 314		
Demand deposits	26, 883		
Foreign currency deposit	10, 175		Including USD331
Total		$ 120, 678	

Note: Exchange rate on December 31, 2023

USD:NTD＝1:30.655

CNY:NTD＝1:4.3020

HKD:NTD＝1:3.899

JPY:NTD＝ 1:0.2152

EUR:NTD＝ 1:33.78

Zig Sheng Industrial Co., Ltd.

Schedule of Financial Assets Measured at FVTPL - current

December 31, 2023

Schedule II

In thousands of shares and thousands of NTD

Name of financial instruments	Number of shares	Acquisition cost	Fair value	
			Unit price (in dollars)	Total amount
Mandatorily measured at FVTPL				
Listed and emerging stocks				
Tainan Spinning Co., Ltd.	1, 040	26, 672	15. 80	16, 432
Yi Jinn Industrial Co., Ltd.	7, 146	106, 338	18. 60	132, 916
Lan Fa Textile Co., Ltd.	677	8, 050	10. 10	6, 838
De Licacy Industrial Co., Ltd.	1, 408	28, 665	13. 35	18, 799
Eclat Textile Co., Ltd.	303	100, 959	562. 00	170, 076
TSRC Corporation	400	14, 285	24. 10	9, 640
Evergreen Marine Corporation (Taiwan) Ltd.	1, 700	378, 676	143. 50	243, 950
China Airlines Ltd.	1, 000	20, 325	21. 65	21, 650
Wan Hai Lines Ltd.	100	11, 398	55. 00	5, 500
Eva Airways Corporation	97	3, 153	31. 45	3, 050
Great Giant Fibre Garment Co., Ltd.	141	15, 447	121. 41	17, 119
Nan Ya Printed Circuit Board Corporation	300	89, 779	251. 50	75, 450
Total		$ 803, 747		$ 721, 420

Note: The Company did not designated any debt instruments as financial assets measured at FVTPL; therefore, the amount of change in fair value attributable to changes in credit risk should be disclosed as zero.

Zig Sheng Industrial Co., Ltd.

Schedule of Notes Receivable

December 31, 2023

Schedule III

In thousands of NTD

Summary	Amount		Footnote
Client MC006 company	$	17, 776	
Client SG017 company		10, 647	
Client LS027 company		7, 754	
Others		66, 780	Among all the other debtors, the balance of each does not exceed 5% of the total notes receivable.
Subtotal		102, 957	
Less: Loss allowance		-	
Net amount	$	102, 957	

Zig Sheng Industrial Co., Ltd.

Schedule of Accounts Receivable

December 31, 2023

Schedule IV | In thousands of NTD and foreign currencies

Summary	Amount		Footnote
Client HY277 company	$	104, 570	USD 3,411
Client JL054 company		100, 633	
Client TO017 company		96, 897	USD 3,161
Client RA021 company		87, 945	USD 2,869
Client HY238 company		85, 089	USD 2,776
Client RH002 company		83, 383	
Others		658, 645	Among all the other debtors, the balance of each does not exceed 5% of the total notes receivable.
Subtotal		1, 217, 162	
Less: Loss allowance		–	
Net amount	$	1, 217, 162	

Zig Sheng Industrial Co., Ltd.
Schedule of Inventories
December 31, 2023

Schedule V

In thousands of NTD

Item	Amount	
	Cost	Net realizable value (Note)
Raw materials:	$ 379, 580	$ 378, 094
Partially Oriented Yarn (POY)	53, 795	
Caprolactam (CPL)	160, 446	
Polyamide 66 (PA66)	123, 173	
Fillers	15, 611	
Polyester grains	13, 319	
Raw materials of hallow fiber membrane	13, 225	
Bottle flake	11	
Supplies:	104, 578	104, 897
Carton and Paper tubes	18, 911	
Trims	47, 098	
Parts and accessories	38, 569	
Work in process	153, 884	161, 931
Textured yarn	55, 758	
Nylon fiber	20, 895	
Nylon grains	72, 183	
Compounds	1, 143	
Polyester yarn	2, 414	
Hallow fiber membrane	1, 491	
Finished goods:	1, 072, 045	1, 019, 027
Textured Yarn	363, 859	
Nylon Yarn	186, 190	
Nylon grains	348, 343	
Composite materials	106, 008	
Polyester Yarn	61, 475	
Polyester grains	1, 119	
Hallow fiber membrane	5, 051	
Finished goods purchased from outside:	27, 913	23, 510
Textured yarn	391	
Nylon fiber	1, 658	
Nylon grains	25, 864	
In-transit raw materials	167, 593	167, 593
Subtotal	1, 905, 593	1, 855, 052
Less: Loss allowance for market price decline (Note 5)	(121, 998)	-
Net amount	$ 1, 783, 595	$ 1, 855, 052

Note: 1. Inventories are stated at net realizable value. The estimation of net realizable value is based on the most reliable evidence acquired on the balance sheet date.
2. If the net realizable value of finished goods is expected to be higher than the cost, raw materials and supplies for production shall not be reduced lower than the cost.
3. If the net realizable value of finished goods is expected to be lower than the cost and the price of raw materials and supplies decreases, raw materials and supplies for production will be reduced to net realizable value. Under such circumstances, the replacement cost of raw materials and supplies is the optimum estimate for net realizable value.
4. If the net realizable value of inventories are lower than the cost because they are slow-moving, damaged or obsolete, the cost is reduced to net realizable value.
5. Loss allowance on market price decline also covers slow-moving and defective inventories.

Zig Sheng Industrial Co., Ltd.

Schedule of Financial Assets measured at FVTOCI - noncurrent

For the year ended December 31, 2023

Schedule VI

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period			Decrease for the period			Ending balance		Pledged as collaterals	Original investment cost
	Number of shares	Amount	Number of shares	Amount	Footnote	Number of shares	Amount	Footnote	Number of shares	Amount		
Domestic non-listed companies												
Lilyent Corp.	2, 881	$62, 724	–	$ –		–	$ 3, 775	(Note 6)	2, 881	$58, 949	None	$28, 812
Yen Hsing Textile Co., Ltd.	6, 985	64, 615	–	10, 325	(Note 6)	2, 095	20, 956	(Note 1)	4, 890	53, 984	None	51, 670
Yi Tong Fiber Co., Ltd.	671	27, 578	–	1, 536	(Note 6)	–	–		671	29, 114	None	13, 093
Chu Sing Industrial Co., Ltd.	29	1, 249	–	120	(Note 6)	–	–		29	1, 369	None	700
Ability I Venture Capital Corporation	943	6, 063	–	3, 318	(Note 4)	943	9, 429	(Note 3)	–	–	None	–
				48	(Note 6)							
Ability Asia Capital Corp.	1, 600	18, 464	–	–		–	2, 400	(Note 6)	1, 600	16, 064	None	16, 000
Domestic limited partnership												
Ability Asia Capital II Outstanding Transformation Growth	–	14, 595	–	4, 000	(Note 2)	–	510	(Note 5)	–	21, 346	None	16, 480
Limited Partnership				3, 261	(Note 6)		–					
Total		$195, 288		$22, 608			$37, 070			$180, 826		

Note: (1) Shares cancelled due to capital reduction and capital refund
(2) New investments
(3) Investments sold
(4) Loss on disposal of investments transferred to retained earnings
(5) Capital distribution
(6) Unrealized gain on investments in equity instruments at FVTOCI

Zig Sheng Industrial Co., Ltd.

Schedule of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2023

Schedule VII

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period			Decrease for the period			Ending balance			Market price/net equity		Pledged as collaterals	Original investment cost
	Number of shares	Amount	Number of shares	Amount	Footnote	Number of shares	Amount	Footnote	Number of shares	Shareholding ratio	Amount	Unit price (in dollars)	Total amount		
Investments using equity method:															
ZIS Holding Co., Ltd.	5, 400	$ −	−	$ −		−	$ −		5, 400	100%	$ −	$ −	$ −	None	$185, 020
															(USD5, 400)
Nicest Int'L Trading Corp.	300	19, 199	−	2, 240	Note (1)	−	487	Note (2)	300	100%	19, 555	68. 90	20, 670	None	8, 883
				90	Note (3)		1, 487	Note (4)							(USD 300)
Ding Sheng Material Technology Corporation Limited	1, 500	2, 390	−	331	Note (3)	−	1, 221	Note (1)	1, 500	100%	7, 261	4. 84	7, 261	None	15, 000
				5, 817	Note (5)		56	Note (2)							
Total		$21, 589		$8, 478			$3, 251				$26, 816				

Note: (1) Shares of profit (loss) of subsidiaries recognized using equity method

(2) Shares of other comprehensive income of subsidiaries using equity method

(3) Realized profit from sales

(4) Unrealized profit from sales

(5) Derecognition of accounts receivable from subsidiaries

Zig Sheng Industrial Co., Ltd.

Schedule of Short-term Borrowings

December 31, 2023

Schedule VIII

In thousands of NTD

Name of Bank	Contract Period Until Expiration	Range of Interest Rates	Financing Limit	Amount	Pledged As Collaterals
Credit loans					
Bank of Taiwan	2023.06.09.～2024.06.09.	Floating interest rate (Note)	$900, 000	$ 500, 000	Promissory note with small amount
The Export-Import Bank of the Republic of China	2023.04.10.～2024.04.10.	"	210, 000	210, 000	—
Hua Nan Commercial Bank	2023.06.02.～2024.06.02.	"	600, 000	200, 000	—
Total				$910, 000	

Note: The range interest rates of the credit loans is 1.76%～1.80%.

Zig Sheng Industrial Co., Ltd.

Schedule of Short-term Notes and Bills Payable

December 31, 2023

Schedule IX

In thousands of NTD

Acceptance Institution	Guarantee Institution	Issuance Period	Interest Rate	Amount
Mega Bills Finance Co., Ltd.	Mega Bills Finance Co., Ltd.	2023.12.15.～2024.01.04.	1.63%	$ 120,000
Mega Bills Finance Co., Ltd.	Mega Bills Finance Co., Ltd.	2023.12.20.～2024.01.09.	1.63%	80,000
Taiwan Finance Corporation	Taiwan Finance Corporation	2023.12.15.～2024.01.04.	1.45%	200, 000
Dah Chung Bills Finance Corp.	Dah Chung Bills Finance Corp.	2023.12.25.～2024.01.04.	1.52%	180, 000
Subtotal				580, 000
Less: Discount on short-term notes and bills payable				(91)
Net amount				$ 579, 909

Zig Sheng Industrial Co., Ltd.

Schedule of Notes Payable

December 31, 2023

Schedule X

In thousands of NTD

Summary	Amount		Footnote
Supplier company YF005	$	22, 623	
Supplier company JS012		10, 279	
Supplier company SG006		10, 000	
Others		131, 209	Among all the other creditors, the balance of each does not exceed 5% of the total notes payable.
Total	$	174, 111	

Zig Sheng Industrial Co., Ltd.

Schedule of Accounts Payable

December 31, 2023

Schedule XI | In thousands of NTD

Summary	Amount		Footnote
Supplier company JS145	$	251, 441	
Supplier company TN003		71, 128	
Supplier company CY287		25, 458	USD 816
Supplier company YT006		24, 152	USD 776
Others		94, 771	Among all the other creditors, the balance of each does not exceed 5% of the total accounts payable.
Total	$	466, 950	

Zig Sheng Industrial Co., Ltd.

Schedule of Long-term borrowings

For the year ended December 31, 2023

Schedule XII

In thousands of NTD

Name of creditor	Financing limit	Contract Period Until Expiration	Interest rates	Due within one year	Due over one year	Pledged as collaterals
Secured loan						
Wanhua Branch, Bank of Taiwan	$ 1,200,000	2023.01.12.～2026.01.12.	1.85%～1.975%	$ -	$ 1,200,000	Land and buildings

Note: Please refer to Note 6.24 for details on repayment methods.

Zig Sheng Industrial Co., Ltd.

Schedule of Operating Revenue

For the year ended December 31, 2023

Schedule XIII In thousands of NTD

Item	Amount (in tons)	Amount	Footnote
Textured Yarn	28, 886	$ 2, 399, 890	
Polyester Yarn	282	7, 197	
Nylon fiber	13, 957	1, 057, 341	
Nylon grains	64, 557	3, 758, 444	
Composite materials	7, 400	516, 155	
Trading of raw materials	79	2, 008	
Revenue from outsourced processing	38	769	
Total operating revenue		7, 741, 804	
Less: Sales returns		(8, 016)	
Sales discounts and allowances		(8, 263)	
Operating revenue, net		$ 7, 725, 525	

Zig Sheng Industrial Co., Ltd.
Schedule of Operating Costs
For the year ended December 31, 2023

Schedule XIV | In thousands of NTD

Item	Amount: Subtotal	Amount: Total	Footnote
Raw materials used		$ 5, 403, 976	
Balance, beginning of the period	$ 383, 320		
Add: Raw materials purchased, net	5, 420, 972		
Raw materials lent return to inventory	52, 311		
Less: Raw materials, end of the period	(379, 580)		
Sale of raw materials	(1, 668)		
Research and development requisition	(10, 445)		
Used in trial	(39, 285)		
Samples	(350)		
Raw material inventory lent	(21, 299)		
Direct labor		261, 043	Please refer to Schedule XV
Overhead		1, 624, 622	Please refer to Schedule XVI
Cost of production		7, 289, 641	
Add: Work in process, beginning of the period		122, 280	
Trial products transferred in		1, 492	
Less: Work in process, end of the period		(153, 884)	
Cost of finished goods		7, 259, 529	
Add: Finished goods, beginning of the period		1, 276, 240	
Finished goods purchased from outside, beginning of period		34, 114	
Finished goods purchased from outside during the period		98, 507	
Gain on finished goods		179	
Trial products transferred in		5, 117	
Less: Finished goods, end of the period		(1, 072, 045)	
Finished goods purchased from outside, end of period		(27, 913)	
Research and development requisition		(5, 560)	
Samples		(4, 000)	
Transferred to outsourced processing costs		(1, 060)	
Costs of production and sales		7, 563, 108	
Add: Cost of sale of raw materials		1, 668	
Cost of sales		7, 564, 776	
Outsourced processing costs		1, 060	
Operating cost before adjustment		7, 565, 836	
Unallocated labor and overheads		395, 867	Please refer to Schedule XV and XVI.
Loss on scrapping of inventories		250	Loss on scrapping of supplies
Less: Scrap sales		(20, 117)	
Net realizable value recovery of inventory		(63, 173)	
Gain on inventory counts		(179)	
Operating costs		$ 7, 878, 484	

Zig Sheng Industrial Co., Ltd.

Schedule of Direct Labor

For the year ended December 31, 2023

Schedule XV

In thousands of NTD

Summary	Amount	Footnote
Salaries and wages	$ 326, 792	
Holiday bonus	19, 715	
Overtime pay	21, 100	
Subtotal	367, 607	
Less: Unallocated fixed direct labor	(92, 212）	Additions to operating cost adjustments
Transferred to prepayments for equipment	(14, 352）	
Total	$ 261, 043	

Zig Sheng Industrial Co., Ltd.
Schedule of Overheads
For the year ended December 31, 2023

Schedule XVI | In thousands of NTD

Summary		Amount	Footnote
Salaries and wages	$	253, 454	
Holiday bonus		28, 034	
Overtime pay		3, 547	
Stationery supplies		2, 514	
Traveling expense		486	
Freight		6, 711	
Postage and telecommunication expense		1, 739	
Repairs and maintenance expense		116, 279	
Packing expenses		225, 944	
Advertisement expense		75	
Utilities expense		532, 590	
Labor and health insurance expense		70, 402	
Insurance expense		9, 105	
Processing expense		882	
Taxes		16, 546	
Depreciations		335, 649	
Amortizations		33, 829	
Meal expense		10, 942	
Employee benefits		6, 977	
Entertainment expense		591	
Miscellaneous purchases		3, 569	
Training expense		1, 531	
Pension		25, 686	
Other equipment expense		15, 100	
Other personnel expense		11, 271	
Other benefits expense		2, 542	
Steam expense		539	
Fuel expense		75, 954	
Trim adding expense		142, 262	
Donation expense		81	
Transportation expense		715	
Medical expense		187	
Clothing expense		1, 148	
Safety management fee		8, 752	
Environmental protection fee		13, 777	
Equipment fee		1, 897	
Non-employee service fee		3, 405	
Other expenses		21, 843	
Subtotal	$	1, 986, 555	
Less: Unallocated fixed overheads	(	303, 655)	Additions to operating cost adjustments
Transferred to prepayments for equipment	(	58, 278)	
Total	$	1, 624, 622	

Zig Sheng Industrial Co., Ltd.
Schedule of Operating Expense
For the year ended December 31, 2023

Schedule XVII — In thousands of NTD

Summary	Selling expense	Administration expense	R&D expense	Total
Salaries and wages	$ 29, 553	$ 45, 141	$ 22, 990	$ 97, 684
Holiday bonus	4, 172	7, 894	2, 214	14, 280
Overtime pay	−	−	15	15
Stationery supplies	37	723	43	803
Traveling expense	3, 112	92	682	3, 886
Freight	45, 303	313	43	45, 659
Postage and telecommunication expense	273	1, 159	99	1, 531
Repairs and maintenance expense	267	1, 056	2, 610	3, 933
Advertisement expense	3, 908	74	411	4, 393
Utilities expense	−	674	2, 345	3, 019
Labor and health insurance	3, 169	6, 346	2, 648	12, 163
Insurance expense	34	416	80	530
Entertainment expense	1, 288	1, 112	35	2, 435
Donation expense	−	55	−	55
Taxes	12	179	183	374
Depreciations	−	6, 679	6, 379	13, 058
Amortizations	−	2, 473	169	2, 642
Meal expense	654	940	11	1, 605
Employee benefits	239	307	207	753
Commissions	2, 164	−	−	2, 164
Training expense	3	91	10	104
Pension	1, 748	2, 287	1, 357	5, 392
Transportation expense	1, 227	311	282	1, 820
Services expense	−	2, 603	−	2, 603
Miscellaneous expense	34	354	1, 034	1, 422
Export expense	94, 538	−	−	94, 538
Samples	4, 350	−	−	4, 350
Books and magazines	−	4	−	4
Stock affairs expense	−	2, 022	−	2, 022
Directors’ expense	−	2, 420	−	2, 420
Requisition of raw materials	−	−	10, 445	10, 445
Requisition of finished goods	−	−	5, 560	5, 560
Requisition of materials	−	−	6, 855	6, 855
Safety management fee	−	826	348	1, 174
Environmental protection fee	−	−	2	2
Equipment usage fee	73	−	−	73
Other equipment expense	−	−	5	5
Other benefits expense	116	130	61	307
Other expenses	7, 026	6, 904	1, 958	15, 888
Less: Transferred to cost of sales of hallow fiber membrane	−	−	(8, 002)	(8, 002)
Total	$ 203, 300	$ 93, 585	$ 61, 079	$ 357, 964