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Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Financial Statements for the  
Three Months Ended March 31, 2022 and 2021  
and Independent Auditors' Review Report

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Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Financial Statements for the  
Three Months Ended March 31, 2022  
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## Independent Auditors' Review Report

To : Zig Sheng Industrial Co., Ltd.

### **Preface**

We have reviewed the consolidated financial statements of Zig Sheng Industrial Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies (together "Consolidated Financial Statements"). Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan). Our responsibility is to express a conclusion on the Consolidated Financial Statements based on our reviews.

### **Scope**

Except for the items mentioned in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Statements". A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters) and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As mentioned in Note 4.3-2 of the Consolidated Financial Statements, the amount shown in the financial statements of insignificant subsidiaries included in the Consolidated Financial Statements and the related information disclosed in Note 13 of the Consolidated Financial Statements were prepared based on un-audited financial statements of the respective companies in the corresponding periods. The amount of total assets of such subsidiaries as of March 31, 2022 and 2021 was \$54,659 thousand and \$62,214 thousand, respectively, which accounted for 0.51% and 0.65% of the total consolidated assets, respectively; The amount of total liabilities was \$31,859 thousand and \$39,919 thousand, respectively, which accounted for 0.99% and 1.53% of the total consolidated liabilities, respectively; The amount of total comprehensive income (loss) was \$420 thousand and \$578 thousand, respectively, which accounted for 0.49% and 0.14% of the total consolidated comprehensive income (loss), respectively.

## Qualified Conclusion

Based on our reviews, except for the potential effects of adjustments and disclosures on the Consolidated Financial Statements if the financial statements of the insignificant subsidiaries as mentioned in the Basis for Qualified Conclusion section and the related information disclosed in Note 13 of the Consolidated Financial Statements were reviewed by CPA, nothing has come to our attention that caused us to believe that the accompanying Consolidated Financial Statements do not present fair, in all material respects the consolidated position of the Company as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2022 and 2021 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan).

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

Crowe (TW) CPAs  
Taipei, Taiwan  
Republic of China

May 6, 2022

### Notice to Readers

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

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets

As of March 31, 2022, December 31, 2021 and March 31, 2021

(March 31, 2022 and 2021 were reviewed only, not audited according to the generally accepted auditing standards)

Unit: Thousands of New Taiwan Dollars

Code	Assets	March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%
11xx	Current Assets	\$ 4,758,966	45	\$ 4,897,722	45	\$ 3,595,633	38
1100	Cash and cash equivalents (Note 6.1)	55,506	1	71,448	1	70,794	1
1110	Financial assets at FVTPL - current (Note 6.2)	859,524	8	916,107	8	804,888	8
1150	Notes receivable, net (Note 6.3)	133,969	1	269,770	3	165,445	2
1170	Accounts receivable, net (Note 6.4)	1,265,520	12	1,295,846	12	1,050,599	11
1180	Accounts receivable - related parties (Note 6.4,7)	21,200	-	41,820	-	12,064	-
1200	Other receivables (Note 6.5)	30,076	-	7,513	-	14,393	-
1220	Current-period income tax assets	30	-	29	-	58	-
1310	Inventories, net (Note 6.6)	2,352,713	23	2,247,309	21	1,430,854	15
1410	Prepayments (Note 6.7)	40,428	-	47,880	-	46,538	1
15xx	Noncurrent Assets	5,856,341	55	5,879,093	55	5,929,632	62
1517	Financial assets at FVTOCI - noncurrent (Note 6.8)	248,190	2	246,998	2	229,778	3
1600	Property, plant and equipment (Note 6.10)	4,686,594	44	4,715,038	44	4,677,110	49
1755	Right-of-use asset (Note 6.11)	73,102	1	74,673	1	84,035	1
1760	Investment properties, net (Note 6.12)	642,383	6	643,670	6	643,898	7
1780	Intangible assets (Note 6.13)	2,510	-	2,133	-	746	-
1840	Deferred income tax assets	64,715	1	76,092	1	113,676	1
1915	Prepayments for equipment	64,257	1	49,808	1	122,131	1
1920	Guarantee deposits paid (Note 6.14)	23,467	-	23,479	-	24,943	-
1990	Other noncurrent assets - other (Note 6.15)	51,123	-	47,202	-	33,315	-
1xxx	Total Assets	\$10,615,307	100	\$10,776,815	100	\$ 9,525,265	100
Code	Liabilities and Equity						
21xx	Current Liabilities	\$ 2,905,172	27	\$ 3,139,025	29	\$ 2,266,481	24
2100	Short-term loans (Note 6.16)	1,190,000	11	1,260,000	12	975,000	10
2110	Short-term notes and bills payable (Note 6.17)	499,889	5	499,845	4	279,940	3
2120	Financial liabilities at FVTPL - current (Note 6.18)	-	-	1,526	-	1,364	-
2130	Contractual liabilities - current (Note 6.30)	66,204	1	54,457	1	96,510	1
2150	Notes payable (Note 6.19)	106,980	1	217,881	2	87,791	1
2170	Accounts payable (Note 6.19)	669,856	6	624,095	6	524,956	6
2180	Accounts payable to related parties (Note 7)	88	-	82	-	120	-
2200	Other payables (Note 6.20)	271,892	2	409,008	4	257,965	3
2230	Current-period income tax liabilities	55,449	1	31,507	-	16	-
2250	Provisions - current (Note 6.21)	27,842	-	25,572	-	26,870	-
2280	Lease liabilities - current (Note 6.11)	14,878	-	13,448	-	14,640	-
2399	Other current liabilities - other (Note 6.22)	2,094	-	1,604	-	1,309	-
25xx	Noncurrent Liabilities	313,583	3	327,480	3	339,796	3
2570	Deferred income tax liabilities	137,395	1	137,395	1	137,395	1
2580	Lease liabilities - noncurrent (Note 6.11)	61,407	1	63,143	1	72,231	1
2640	Net defined benefit liability - noncurrent (Note 6.23)	91,317	1	103,778	1	107,006	1
2645	Guarantee deposits received (Note 6.24)	23,464	-	23,164	-	23,164	-
2xxx	Total Liabilities	3,218,755	30	3,466,505	32	2,606,277	27
31xx	Equity attributable to owners of the parent						
3100	Share capital (Note 6.25)	5,316,884	50	5,316,884	49	5,316,884	56
3110	Ordinary shares	5,316,884	50	5,316,884	49	5,316,884	56
3200	Capital surplus (Note 6.26)	398,835	4	398,835	4	504,947	5
3300	Retained earnings (Note 6.27)	1,615,188	15	1,534,694	14	1,050,085	11
3310	Legal reserve	249,476	2	249,476	2	249,476	3
3320	Special reserve	321,614	3	321,614	3	321,614	3
3350	Unappropriated retained earnings	1,044,098	10	963,604	9	478,995	5
3400	Other equity interest (Note 6.28)	65,645	1	59,897	1	47,072	1
3410	Exchange differences from translation of foreign operations	286	-	( 270)	-	( 354)	-
3420	Unrealized gains or losses on financial assets at FVTOCI (Note 6.8)	65,359	1	60,167	1	47,426	1
3xxx	Total Equity	7,396,552	70	7,310,310	68	6,918,988	73
3x2x	Total Liabilities and Equity	\$10,615,307	100	\$10,776,815	100	\$ 9,525,265	100

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
Three Months Ended March 31, 2022 and 2021

(Reviewed only, not audited according to the generally accepted auditing standards)

		Unit : Thousands of New Taiwan Dollars			
		January 1, 2022 to		January 1, 2021 to	
		March 31, 2022		March 31, 2021	
Code	Item	Amount	%	Amount	%
4000	Operating revenue (Note 6.30)	\$ 2,821,857	100	\$ 2,363,278	100
5000	Operating costs (Note 6.6, 6.35)	( 2,564,075)	( 91)	( 2,022,551)	( 86)
5900	Gross profit from operations	257,782	9	340,727	14
6000	Operating expenses (Note 6.35)	( 145,371)	( 5)	( 145,822)	( 6)
6100	Selling expenses	( 92,904)	( 3)	( 80,495)	( 3)
6200	Administrative expenses	( 37,253)	( 1)	( 52,421)	( 2)
6300	Research and development expenses	( 15,146)	( 1)	( 12,906)	( 1)
6450	Loss on expected credit impairment (Note 6.4)	( 68)	-	-	-
6900	NET OPERATING INCOME (LOSS)	112,411	4	194,905	8
	Non-operating income and expenses				
7100	Interest income (Note 6.31)	346	-	7	-
7010	Other income (Note 6.32)	29,103	1	26,068	1
7020	Other gains and losses (Note 6.33)	( 26,488)	( 1)	182,116	8
7050	Finance costs (Note 6.34)	445	-	( 5,970)	-
7000	Total non-operating income and expenses	3,406	-	202,221	9
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	115,817	4	397,126	17
7950	INCOME TAX EXPENSE (Note 6.37)	( 35,323)	( 1)	( 15,177)	( 1)
8200	NET INCOME (LOSS)	80,494	3	381,949	16
	OTHER COMPREHENSIVE INCOME (LOSS) (Note 6.28)				
	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized measurement gains or losses on equity instruments measured at FVTOCI (Note 6.8)	5,192	-	21,069	1
8310	Total items that will not be reclassified subsequently to profit or loss	5,192	-	21,069	1
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences from translation of foreign operations	556	-	( 135)	-
8360	Total items that may be reclassified subsequently to profit or loss	556	-	( 135)	-
8300	Total other comprehensive income (loss) for the period, net of income tax	5,748	-	20,934	1
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 86,242	3	\$ 402,883	17
8600	Net income (loss) attributable to :				
8610	Owners of the parent	\$ 80,494	3	\$ 381,949	16
8700	Total comprehensive income (loss) attributable to :				
8710	Owners of the parent	\$ 86,242	3	\$ 402,883	17
	EARNINGS (LOSS) PER SHARE - COMMON SHARES (NT\$) (Note 6.38)				
9750	Basic earnings (loss) per share	\$ 0.15		\$ 0.72	
9850	Diluted earnings (loss) per share	\$ 0.15		\$ 0.72	

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
Three Months Ended March 31, 2022 and 2021

(Reviewed only, not audited according to the generally accepted auditing standards)

Unit : Thousands of New Taiwan Dollars

Code	Item	Retained Earnings					Other Equity			Total Equity
		Share Capital - Common Shares	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gains or losses on financial assets at FVTOCI	Treasury Shares	
A1	Balance on January 1, 2021	\$5,500,014	\$492,157	\$249,476	\$321,614	\$ 97,046	(\$ 219)	\$ 26,357	(\$160,576)	\$6,525,869
C17	Unclaimed overdue dividends by shareholders	-	229	-	-	-	-	-	-	229
D1	Profit (loss) covering January 1 ~ March 31, 2021	-	-	-	-	381,949	-	-	-	381,949
D3	Other comprehensive income (loss) covering January 1 ~ March 31, 2021	-	-	-	-	-	( 135)	21,069	-	20,934
L1	Buy back treasury shares	-	-	-	-	-	-	-	( 9,993)	( 9,993)
L3	Cancellation of treasury shares	( 183,130)	12,561	-	-	-	-	-	170,569	-
Z1	Balance, March 31, 2021	<u>\$5,316,884</u>	<u>\$504,947</u>	<u>\$249,476</u>	<u>\$321,614</u>	<u>\$ 478,995</u>	<u>(\$ 354)</u>	<u>\$ 47,426</u>	<u>\$ -</u>	<u>\$6,918,988</u>
A1	Balance, January 1, 2022	\$5,316,884	\$398,835	\$249,476	\$321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ -	\$7,310,310
D1	Profit (loss) covering January 1 ~ March 31, 2022	-	-	-	-	80,494	-	-	-	80,494
D3	Other comprehensive income (loss) covering January 1 ~ March 31, 2022	-	-	-	-	-	556	5,192	-	5,748
Z1	Balance, March 31, 2022	<u>\$5,316,884</u>	<u>\$398,835</u>	<u>\$249,476</u>	<u>\$321,614</u>	<u>\$ 1,044,098</u>	<u>\$ 286</u>	<u>\$ 65,359</u>	<u>\$ -</u>	<u>\$7,396,552</u>

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
Three Months Ended March 31, 2022 and 2021  
(Reviewed only, not audited according to the generally accepted auditing standards)

Unit : Thousands of New Taiwan Dollars

Code	Item	January 1, 2022 to March 31, 2022	January 1, 2021 to March 31, 2021
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES :		
A00010	Net profit (loss) before tax from continuing operations	\$ 115,817	\$ 397,126
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)	111,527	127,399
A20200	Amortization expense	7,589	6,577
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	56,876	( 168,902)
A20900	Interest expense	3,702	2,638
A21200	Interest income	( 346)	( 7)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	( 20,565)	-
A23100	Net loss (gain) from disposal of investments	3,501	( 18,830)
A20010	Total income/gain or expense/loss items not affecting cash flows	162,284	( 51,125)
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	( 15,609)	( 15,546)
A31130	Decrease (increase) in notes receivable	135,801	55,785
A31150	Decrease (increase) in accounts receivable	30,326	( 74,684)
A31160	Decrease (increase) in accounts receivable - related parties	20,620	33,432
A31180	Decrease (increase) in other receivables	( 7,085)	3,580
A31200	Decrease (increase) in inventories	( 90,437)	( 352,185)
A31230	Decrease (increase) in prepayments	7,452	( 27,551)
A32125	Increase (decrease) in contractual liabilities	11,747	15,706
A32130	Increase (decrease) in notes payable	( 110,901)	( 18,896)
A32150	Increase (decrease) in accounts payable	45,761	153,569
A32160	Increase (decrease) in accounts payable - related parties	6	( 75)
A32180	Increase (decrease) in other payables	( 116,094)	( 40,465)
A32200	Increase (decrease) in provisions	2,270	2,297
A32230	Increase (decrease) in other current liabilities - other	490	373
A32240	Increase (decrease) in net defined benefit liabilities	( 12,461)	( 4,543)
A30000	Total net changes in operating assets and liabilities	( 98,114)	( 269,203)
A33000	Cash generated from operations	179,987	76,798
A33100	Interest received	58	7
A33300	Interest paid	( 3,598)	( 2,592)
A33500	Income tax paid	( 5)	( 193)
AAAA	Net cash flows from (used in) operating activities	176,442	74,020

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES :		
B00030	Returned capital from FVTOCI financial assets	4,000	-
B02700	Acquisition of property, plant and equipment	( 33,406)	( 32,799)
B02800	Disposal of property, plant and equipment	6,510	-
B03700	Increase in refundable deposit paid	( 7)	-
B03800	Decrease in refundable deposit paid	19	-
B04500	Acquisition of intangible assets	( 177)	( 91)
B06700	Increase in other noncurrent assets - other	( 11,245)	( 7,088)
B07100	Increase in prepayments for equipment	( 86,884)	( 116,690)
BBBB	Net cash flows from (used in) investing activities	<u>( 121,190)</u>	<u>( 156,668)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES : (Note 6.36)		
C00100	Increase in short-term loans	2,509,431	2,061,987
C00200	Decrease in short-term loans	( 2,579,431)	( 1,796,987)
C00500	Increase in short-term notes and bills payable	1,350,000	430,000
C00600	Decrease in short-term notes and bills payable	( 1,350,000)	( 600,000)
C03000	Increase in deposits received	300	-
C04020	Lease principal repayment	( 2,050)	( 2,057)
C04900	Cost for buying back treasury shares	-	( 9,993)
C09900	Undrawn overdue dividends payable transferred to capital surplus	-	229
CCCC	Net cash flows from (used in) financing activities	<u>( 71,750)</u>	<u>83,179</u>
DDDD	Effects on cash and cash equivalents due to fluctuations in exchange rates	556	( 135)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 15,942)	396
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	71,448	70,398
E00200	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 55,506</u>	<u>\$ 70,794</u>
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE CONSOLIDATED BALANCE SHEET	<u>\$ 55,506</u>	<u>\$ 70,794</u>

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

Zig Sheng Industrial Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements  
Three Months Ended March 31, 2022 and 2021

(Reviewed only, not audited according to the generally accepted auditing standards)  
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

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

- (1) Spinning, weaving, dyeing/finishing, printing, processing, and trading of various filaments, artificial cotton and nylon fiber.
- (2) Production, selling, import/export trading of fiber raw materials for use in the petrochemical industry.

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

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

The Company is its own ultimate parent company.

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

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

2. The Authorization of Financial Statements

The accompanying Consolidated Financial Statements were approved and authorized for issue by the board of directors on May 6, 2022.

### 3. Application of New Standards, Amendments, and Interpretations

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

According to FSC Jin-Guan-Zheng-Shen No. 1100362952 Order on July 26, 2021, the Group shall, beginning from 2022, prepare its financial statements and apply the International Financial Reporting Standards, International Accounting Standards, and the related interpretations and announcements released by the International Accounting Standards Board ( “IASB” ) and endorsed, issued into effect by FSC (together “IFRSs” ), and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

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

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

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

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

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Pending for determination by IASB

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

#### 4. Summary of Significant Accounting Policies

Except for the Statement of Compliance, Basis of Preparation, Basis of Consolidation and newly added sections described as followings, the rest of significant accounting policies are the same as those in Note 4 of the 2021 annual consolidated financial statements. These policies have been consistently applied to all of the reporting periods unless otherwise stated.

##### 4.1 Statement of Compliance

1. These interim Consolidated Financial Statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by FSC. These Consolidated Financial Statements do not include all necessary information that shall be disclosed in the full-year consolidated financial statements prepared according to IFRSs endorsed and issued into effect by FSC.
2. These interim Consolidated Financial Statements shall be read in combination with the 2021 annual consolidated financial statements.

##### 4.2 Basis of Preparation

1. Except for the following material items, the Consolidated Financial Statements have been prepared under the historical cost convention:
  - (1) Financial assets and financial liabilities (including derivative instruments) at Fair Value Through Profit or Loss ( “FVTPL” ).
  - (2) Financial assets at Fair Value Through Other Comprehensive Income ( “FVTOCI” ).
  - (3) Liabilities on cash-settled share-based payment arrangements measured at fair value.
  - (4) Defined benefit liabilities recognized based on the net value of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

#### 4.3 Basis of Consolidation

##### 1. Principles for preparing the Consolidated Financial Statements

The principles for preparing the Consolidated Financial Statements are the same as those of the 2021 annual consolidated financial statements. Please refer to Note 4.3-1 of the 2021 annual consolidated financial statements.

##### 2. The subsidiaries in the consolidated financial statements :

Investor	Subsidiaries	Main Businesses	Percentage of Ownership		
			2022. 3. 31.	2021. 12. 31.	2021. 3. 31.
Zig Sheng Industrial Co., Ltd.	Nicest Int'L Trading Corp.	According to instructions by management policies of the parent company, conduct investments in various businesses other than Taiwan region	100%	100%	100%
Zig Sheng Industrial Co., Ltd.	Ding Sheng Material Technology Corporation Limited	Manufacture of synthetic resin and industrial plastic and the related international trading	100%	100%	100%
Nicest Int'L Trading Corp.	Suzhou Hongsheng Trading Co., Ltd.	Engage in wholesale, export/import, commission agent (except for auctions) of plastic materials, chemical products (except for hazardous chemicals), chemical fiber products, textile materials, mechanical and electrical equipment and parts, and the related auxiliary services, technical consulting services, and also provision of on-site repairment services for the mechanical and electrical equipment and parts	100%	100%	100%
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	General import/export trading	100%	100%	100%

Since all of the subsidiaries included in the Consolidated Financial Statements do not meet the definition of material subsidiary, all financial statements of the subsidiaries for the three months ended March 31, 2022 and 2021 were not reviewed by CPA.

##### 3. Increase or decrease in consolidation subsidiaries : None

4. Subsidiaries not included in the consolidated financial statements  
As of March 31, 2022, December 31, 2021 and March 31, 2021, the total assets, total liability and total equity of the Group's invested subsidiary, ZIS Holding Co., Ltd., were all zero, and the subsidiary did not have any income, expenses or losses during the above periods. Therefore, the subsidiary is not included as a component entity in the Consolidated Financial Statements.

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

6. Nature and degree of significant restrictions on the ability to transfer funds from subsidiaries to the parent company :

Due to local foreign exchange controls, the cash and bank deposits in Mainland China by the amount of \$15,108 thousand , \$20,328 thousand and \$19,171 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, were restricted from transferring out of Mainland China (except for normal dividends or business transactions (trading) ).

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

#### 4.4 Defined benefit post-employment benefits

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

#### 4.5 Income tax

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

2. When there is change in the tax rate during the interim period, the Group would make a one-time recognition of the effected amount from the change in the period occurred. Regarding income tax related to items not recognized in profit or loss, the effected amount from the change is

recognized in other comprehensive income or loss or equity item. Regarding income tax related to items recognized in profit or loss, the effected amount from the change is recognized in profit or loss.

5. Major Sources of Critical Accounting Judgments, Estimates and Uncertainties  
The major sources of critical accounting judgments, estimates and uncertainties adopted by the Consolidated Financial Statements do not have material change from those of the 2021 annual consolidated financial statements. Please refer to Note 5 of the 2021 annual consolidated financial statements for related information.



## 6. Description of Significant Accounts

### 6.1 Cash and cash equivalents

Item	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and petty cash	\$ 2,019	\$ 2,011	\$ 2,001
Checking account	15,493	22,938	10,875
Demand deposits	28,531	31,729	44,452
Time deposits with original maturities within 3 months	9,463	14,770	13,466
Total	<u>\$ 55,506</u>	<u>\$ 71,448</u>	<u>\$ 70,794</u>

1. The Group does not have cash and cash equivalents pledged to others.
2. As of March 31, 2022, December 31, 2021 and March 31, 2021, the range of market interest rates for the Group's time deposits with original maturities within 3 months was all 1.755%.

### 6.2 FVTPL financial assets - current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Mandatorily measured at FVTPL			
Listed stocks	\$ 859,287	\$ 916,083	\$ 804,888
Derivatives - foreign exchange swap	237	24	-
Total	<u>\$ 859,524</u>	<u>\$ 916,107</u>	<u>\$ 804,888</u>

1. Regarding details for the financial assets mandatorily measured at FVTPL (not including derivative instruments), please refer to Note 13(1) (2)-3.
2. The net (loss) gain (not including derivative instruments) recorded in profit or loss for the three months ended March 31, 2022 and 2021 were (\$60,614) thousand and \$190,074 thousand, respectively.

3. The purpose for the Group to engage in transactions in derivative instruments is to avoid risks on foreign-currency assets or liabilities due to exchange fluctuations, however, without adopting hedge accounting. As of March 31, 2022, December 31, 2021 and March 31, 2021, 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) March 31, 2022 :				
Foreign exchange swap	USD/NTD	USD 3,550/NTD101,222	\$ 237	2022. 4. 1. ~2022. 4. 18.
(2) December 31, 2021 :				
Buy forward exchange	JPY/NTD	JPY107,000/NTD27,264	(\$ 1,526)	2022. 1. 21.
Foreign exchange swap	USD/NTD	USD 3,980/NTD110,122	\$ 24	2022. 1. 10. ~ 2022. 1. 14.
(3) March 31, 2021 :				
Buy forward exchange	JPY/NTD	JPY 96,000/NTD26,122	(\$ 1,364)	110. 6. 25.

The recorded net gain (loss) for the three months ended March 31, 2022 and 2021 due to the Group's engagement in derivative contractual transactions were \$2,106 thousand and (\$3,898) thousand, respectively.

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

### 6.3 Notes receivable

Item	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 133,969	\$ 269,770	\$ 165,445
Less : Allowance for losses	-	-	-
Net amount	\$ 133,969	\$ 269,770	\$ 165,445

1. All of the Group's notes receivable are not overdue; the expected rate of credit loss is 0%.

2. The Group does not have notes receivable pledged to others.

6.4 Accounts receivable (including related parties)

Item	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	\$ 1,265,520	\$ 1,295,846	\$ 1,050,599
Less : Allowance for losses	-	-	-
Subtotal	1,265,520	1,295,846	1,050,599
Accounts receivable - related parties	21,200	41,820	12,064
Less : Allowance for losses	-	-	-
Subtotal	21,200	41,820	12,064
Net amount	\$ 1,286,720	\$ 1,337,666	\$ 1,062,663

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

Aging	March 31, 2022			December 31, 2021		
	Total amount	Allowance for losses	Net amount	Total amount	Allowance for losses	Net amount
Not overdue	\$1,260,884	\$ -	\$1,260,884	\$1,214,213	\$ -	\$1,214,213
Overdue 1 ~ 30 days	23,420	-	23,420	119,625	-	119,625
Overdue 31 ~ 90 days	2,416	-	2,416	3,760	-	3,760
Overdue 91 ~ 180 days	-	-	-	-	-	-
Overdue 181 ~ 365 days	-	-	-	-	-	-
Overdue over 365 days	-	-	-	68	-	68
Total	\$1,286,720	\$ -	\$1,286,720	\$1,337,666	\$ -	\$1,337,666

Aging	March 31, 2021		
	Total amount	Allowance for losses	Net amount
Not overdue	\$1,048,059	\$ -	\$1,048,059
Overdue 1 ~ 30 days	10,981	-	10,981
Overdue 31 ~ 90 days	3,555	-	3,555
Overdue 91 ~ 180 days	-	-	-
Overdue 181 ~ 365 days	68	-	68
Overdue over 365 days	-	-	-
Total	\$1,062,663	\$ -	\$1,062,663

The above analysis is based on the number of days overdue.

The expected rate of credit loss for the above respective account aging intervals (excluding abnormal receivables that are recognized 100%), Not overdue and Overdue within 90 days : 0% ~ 5%, Overdue 90 ~ 365 days :

25% ~ 50%, Overdue 365 or more days : 100%. The risk of expected credit loss for the Group' s non-overdue accounts receivable is very low ; For the part of overdue accounts receivable as of the balance sheet date, after considering other credit enhancing guarantees, subsequent receipts and offset conditions and other reasonable and verifiable information, the Group determines that there is no material change in the credit quality, and there is also no significant increase in credit risk after initial recognition. Therefore, the Group' s management expects that such accounts receivable are not subjected to material credit loss due to default from the transaction parties. Therefore, allowance for losses was not adjusted.

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

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

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Beginning balance	\$ -	\$ -
Plus: Record impairment loss	68	-
Less : Impairment loss reversal	-	-
Less : Write off uncollectable accounts	( 68)	-
Foreign exchange effect	-	-
Ending balance	<u>\$ -</u>	<u>\$ -</u>

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

6.5 Other receivables

Item	March 31, 2022	December 31, 2021	March 31, 2021
Interest receivable	\$ 288	\$ -	\$ -
Tax refund receivable	12,618	4,073	12,078
Discount receivable	-	1,302	-
Government grants receivable	150	150	150
Receivable for sale of equipment	15,190	-	-
Others	1,830	1,988	2,165
Total	<u>\$ 30,076</u>	<u>\$ 7,513</u>	<u>\$ 14,393</u>

## 6.6 Inventories

Item	March 31, 2022			December 31, 2021		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Raw materials	\$ 446,569	\$ 10,213	\$ 436,356	\$ 392,513	\$ 25,458	\$ 367,055
Supplies	126,729	161	126,568	123,937	302	123,635
Work in process	191,140	645	190,495	186,993	6,186	180,807
Finished goods	1,516,055	52,278	1,463,777	1,352,311	74,330	1,277,981
goods purchased from outside	69,865	22,597	47,268	49,577	12,413	37,164
In-transit raw materials	88,249	-	88,249	260,667	-	260,667
<b>Total</b>	<b>\$2,438,607</b>	<b>\$ 85,894</b>	<b>\$2,352,713</b>	<b>\$2,365,998</b>	<b>\$ 118,689</b>	<b>\$2,247,309</b>

  

Item	March 31, 2021		
	Cost	Valuation allowance	Book value
Raw materials	\$ 258,090	\$ 7,096	\$ 250,994
Supplies	103,507	62	103,445
Work in process	151,840	797	151,043
Finished goods	763,015	38,919	724,096
goods purchased from outside	39,298	2,839	36,459
In-transit raw materials	164,817	-	164,817
<b>Total</b>	<b>\$1,480,567</b>	<b>\$ 49,713</b>	<b>\$1,430,854</b>

1. Cost of goods sold and other operating costs :

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Cost of goods sold	\$ 2,579,461	\$ 2,001,495
Plus : Outsourced processing costs	1,340	4,729
Plus : Unallocated labor and overheads	26,166	43,147
Plus : Loss on scrapping of inventories	234	555
Plus : Loss on inventory counts, net	-	4
Less : Gain from price recovery of inventories	( 32,795)	( 19,625)
Less : Scrap sales	( 10,331)	( 7,754)
Operating costs recorded	<u>\$ 2,564,075</u>	<u>\$ 2,022,551</u>

2. For the three months ended March 31, 2022 and 2021, the Group recorded \$32,795 thousand and \$19,625 thousand of gain from price recovery on net realizable value of inventories, respectively, mainly due to price recovery of inventories and consumption of stock.

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

6.7 Prepayments

Item	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for materials	\$ 29,392	\$ 40,761	\$ 38,997
Prepaid insurance	3,474	610	5,770
Office supplies	293	282	306
Input VAT	511	511	461
Excess sales tax paid	533	395	280
Others	6,225	5,321	724
Total	<u>\$ 40,428</u>	<u>\$ 47,880</u>	<u>\$ 46,538</u>

## 6.8 FVTOCI financial assets – noncurrent

Item	March 31, 2022	December 31, 2021	March 31, 2021
Domestic unlisted stocks			
Lilyent Corp.	\$ 28,812	\$ 28,812	\$ 28,812
Yen Hsing Textile Co., Ltd.	90,090	90,090	90,090
Yi Tong Fiber Co., Ltd.	19,800	19,800	19,800
Chu Sing Industrial Co., Ltd.	700	700	700
Ability I Venture Capital Corp.	14,229	14,229	22,950
Ability Asia Capital Corp.	16,000	20,000	20,000
Domestic limited partnership			
Ability Asia Capital II	13,200	13,200	–
Outstanding Transformation Growth Limited Partnership			
Subtotal	182,831	186,831	182,352
Plus : Valuation adjustment	65,359	60,167	47,426
Net amount	\$ 248,190	\$ 246,998	\$ 229,778

- The Group's investments in the above domestic unlisted stocks are not held for short-term profit. The management thinks that if fluctuations in short-term fair value of such investments are recorded in profit or loss, the accounting treatment would not be consistent with the investment planning. Therefore, it is determined that these investments are designated as measured at FVTOCI.
- In July 2021, the Group made \$13,200 thousand of new equity investment in Ability Asia Capital II Outstanding Transformation Growth Limited Partnership; As of March 31, 2022 and 2021, the Group had \$13,200 thousand of accumulated equity investment in the above limited partnership, which accounted for 1.58% of the total subscription amount. The Group plans to make \$40,000 thousand of total investment in the limited partnership.
- Using March 9, 2022 as the base date, Ability Asia Capital Corp. reduced its capital by cash and cancelled 38,540 thousand shares of its common shares, totaled \$385,400 thousand, with capital reduction rate of 20%. 400 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$4,000 thousand.
- Using June 10, 2021 as the base date, Ability I Venture Capital Corp. reduced its capital by cash and cancelled 29,070 thousand shares of its



common shares, totaled \$290,700 thousand, with capital reduction rate of 38%. 872 thousand shares held by the Group were cancelled due to the capital reduction, and the returned capital was \$8,721 thousand.

5. The Group's investments in structural individual entities are limited partnership equity interests in nature, therefore, there was no transaction quantity or unit transaction price. In addition, the Group only bears the rights and obligations to the extent of the scope of investment contracts and does not have significant influence over those investments. Therefore, the largest risk exposure amounts as of the balance sheet date were the book value of those investments.
6. For the three months ended March 31, 2022 and 2021, the net gain (loss) due to fair-value fluctuations was \$5,192 thousand and \$21,069 thousand, respectively, and was recorded in other comprehensive income and accumulated in other equity ; The amount directly transferred to retained earnings from accumulated profit or loss from disposal of investments was zero for both periods.
7. None of the Group's held FVTOCI financial assets is offered as collateral or pledged to others.

#### 6.9 Investments accounted for using the equity method

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

Subsidiaries	March 31, 2022		December 31, 2021		March 31, 2021	
	Book value	Holding %	Book value	Holding %	Book value	Holding %
ZIS Holding Co., Ltd.	\$ -	100%	\$ -	100%	\$ -	100%

2. ZIS Holding Co., Ltd. is the Group's 100% foreign investee company. The Group invested 5,400 thousand shares of the company at USD1.00 per share, totaled USD5,400 thousand. The investment had been approved by the Investment Commission, MOEA with Jing-Shen-Er-Zi No. 091018941 Letter on August 1, 2002.
3. The shares of profit (loss) and other comprehensive income from the subsidiaries under equity method for the three months ended March 31, 2022 and 2021 were evaluated and recognized according to the reviewed

financial statements of the investee companies in the respective periods.

4. None of investments under equity method held by the Group were pledged to others.
5. Regarding the business nature, main operating locations, country of business registration of the above subsidiaries and their investments in Mainland China, please refer to Note 13.1, 2-10, and Note 13.3.
6. The Group' s invested subsidiary, ZIS Holding Co., Ltd., mainly conducts investments in various businesses other than Taiwan region according to instructions by management policies of the parent company. As of March 31, 2022, December 31, 2021 and March 31, 2021, the total assets, total liability and total equity of the Group' s invested subsidiary, ZIS Holding Co., Ltd., were all zero, and the subsidiary did not have any income, expenses or losses during the above periods. Therefore, the subsidiary is not included as a component entity in the Consolidated Financial Statements.

#### 6.10 Property, plant and equipment

Item	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 1,786,837	\$ 1,786,837	\$ 1,786,837
Buildings	2,984,018	2,980,375	2,940,432
Machinery	9,248,715	9,379,348	8,991,627
Transportation equipment	81,048	80,913	80,899
Other equipment	340,834	335,014	258,482
Equipment to be inspected and construction in progress	38,269	64,934	325,020
Total cost	<u>14,479,721</u>	<u>14,627,421</u>	<u>14,383,297</u>
Less : Accumulated depreciation	( 9,790,952)	( 9,910,208)	( 9,704,012)
Less : Accumulated impairment	( 2,175)	( 2,175)	( 2,175)
Net amount	<u><u>\$ 4,686,594</u></u>	<u><u>\$ 4,715,038</u></u>	<u><u>\$ 4,677,110</u></u>

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost :							
2022.1.1. Balance	\$1,786,837	\$2,980,375	\$ 9,379,348	\$ 80,913	\$ 335,014	\$ 64,934	\$14,627,421
Additions	-	-	1,865	-	887	19,861	22,613
Disposals	-	-	( 227,259)	-	( 57)	-	( 227,316)
Reclassification (note)	-	3,643	94,761	135	4,990	( 46,526)	57,003
2022.3.31. Balance	\$1,786,837	\$2,984,018	\$ 9,248,715	\$ 81,048	\$ 340,834	\$ 38,269	\$14,479,721

Accumulated depreciation and impairment :							
2022.1.1. Balance	\$ -	\$1,617,973	\$ 8,006,830	\$ 75,365	\$ 212,215	\$ -	\$ 9,912,383
Depreciation expense	-	24,350	78,636	412	3,527	-	106,925
Disposals	-	-	( 226,124)	-	( 57)	-	( 226,181)
Reclassification	-	-	-	-	-	-	-
2022.3.31. Balance	\$ -	\$1,642,323	\$ 7,859,342	\$ 75,777	\$ 215,685	\$ -	\$ 9,793,127

Item	Land	Buildings	Machinery	Transportation equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost :							
2021.1.1. Balance	\$1,786,837	\$2,939,680	\$ 8,983,012	\$ 80,624	\$ 258,297	\$ 270,825	\$14,319,275
Additions	-	431	1,205	275	185	37,580	39,676
Disposals	-	-	-	-	-	-	-
Reclassification (note)	-	321	7,410	-	-	16,615	24,346
2021.3.31. Balance	\$1,786,837	\$2,940,432	\$ 8,991,627	\$ 80,899	\$ 258,482	\$ 325,020	\$14,383,297

Accumulated depreciation and impairment :							
2021.1.1. Balance	\$ -	\$1,523,869	\$ 7,782,420	\$ 75,122	\$ 201,991	\$ -	\$ 9,583,402
Depreciation expense	-	23,046	96,241	738	2,760	-	122,785
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
2021.3.31. Balance	\$ -	\$1,546,915	\$ 7,878,661	\$ 75,860	\$ 204,751	\$ -	\$ 9,706,187

Note : The net increase from reclassifications of inventories for the three months ended March 31, 2022 and 2021 were \$320 thousand and \$3,661 thousand, respectively ; reclassifications from prepayments for

equipment were \$57,148 thousand and \$20,685 thousand, respectively ; reclassifications to intangible assets were \$465 thousand and \$0, respectively.

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

Item	2022.1.1. ~ 3.31.	2021.1.1. ~ 3.31.
Increase in property, plant and equipment	\$ 22,613	\$ 39,676
Plus : Decrease (increase) in payables for equipment	10,793	( 6,877)
Cash payment	<u>\$ 33,406</u>	<u>\$ 32,799</u>

3. The amount of capitalized borrowing cost and interest interval of property, plant and equipment : None

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

(1)Buildings

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

(2)Machinery

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

(3)Transportation equipment

For manufacturing	6~18 years	For non-manufacturing	5~11 years
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(4)Other equipment

Office equipment	3~21 years	Others	7~25 years
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5. Since part of the Group' s machinery could not be utilized to its full capacity, the expected future cash flows from the manufacturing machinery are reduced, which led to its recoverable amount smaller than its book value. After careful assessment by the Group, as of March 31, 2022, December 31, 2021 and March 31, 2021, the Group recorded \$2,175 thousand of accumulated impairment loss on property, plant and equipment for all of the periods.

6. No property, plant and equipment held by the Group were pledged to others.

## 6.11 Leases

### 1. Right-of-use assets

Item	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	\$ 79,545	\$ 77,746	\$ 77,115
Machinery	34,717	34,717	34,734
Total cost	114,262	112,463	111,849
Less : Accumulated depreciation	( 41,160)	( 37,790)	( 27,814)
Less : Accumulated impairment	-	-	-
Net amount	\$ 73,102	\$ 74,673	\$ 84,035

  

Item	Buildings	Machinery	Total
Cost :			
2022.1.1. Balance	\$ 77,746	\$ 34,717	\$ 112,463
Addition/Remeasurement	1,723	-	1,723
Disposal/Write-offs	-	-	-
Foreign exchange effect	76	-	76
2022.3.31. Balance	\$ 79,545	\$ 34,717	\$ 114,262
Accumulated depreciation and impairment :			
2022.1.1. Balance	\$ 16,974	\$ 20,816	\$ 37,790
Depreciation expense	1,578	1,737	3,315
Disposal/Write-offs	-	-	-
Foreign exchange effect	55	-	55
2022.3.31. Balance	\$ 18,607	\$ 22,553	\$ 41,160

Item	Buildings	Machinery	Total
Cost :			
2021.1.1. Balance	\$ 68,195	\$ 34,734	\$ 102,929
Addition/Remeasurement	8,931	-	8,931
Disposal/Write-offs	-	-	-
Foreign exchange effect	( 11)	-	( 11)
2021.3.31. Balance	\$ 77,115	\$ 34,734	\$ 111,849
Accumulated depreciation and impairment :			
2021.1.1. Balance	\$ 10,632	\$ 13,863	\$ 24,495
Depreciation expense	1,588	1,739	3,327
Disposal/Write-offs	-	-	-
Foreign exchange effect	( 8)	-	( 8)
2021.3.31. Balance	\$ 12,212	\$ 15,602	\$ 27,814

## 2. Lease liabilities

Item	March 31, 2022		December 31, 2021		March 31, 2021	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Buildings	\$ 7,221	\$ 56,088	\$ 5,838	\$ 56,059	\$ 7,072	\$ 59,867
Machinery	7,657	5,319	7,610	7,084	7,568	12,364
Total	\$ 14,878	\$ 61,407	\$ 13,448	\$ 63,143	\$ 14,640	\$ 72,231

Item	Buildings	Machinery	Total
Lease liabilities :			
2022.1.1. Balance	\$ 61,897	\$ 14,694	\$ 76,591
Addition/Remeasurement	1,723	-	1,723
Disposal/Write-offs	-	-	-
Lease principal repayment	( 332)	( 1,718)	( 2,050)
Foreign exchange effect	21	-	21
2022.3.31. Balance	<u>\$ 63,309</u>	<u>\$ 12,976</u>	<u>\$ 76,285</u>

Item	Buildings	Machinery	Total
Lease liabilities :			
2021.1.1. Balance	\$ 58,335	\$ 21,665	\$ 80,000
Addition/Remeasurement	8,931	-	8,931
Disposal/Write-offs	-	-	-
Lease principal repayment	( 324)	( 1,733)	( 2,057)
Foreign exchange effect	( 3)	-	( 3)
2021.3.31. Balance	<u>\$ 66,939</u>	<u>\$ 19,932</u>	<u>\$ 86,871</u>

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

Item	Expected lease period (including renewal rights)	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	3~15 years	0.17%~1.42%	0.17%~1.42%	0.69%~1.42%
Machinery	5 years	1.00%	1.00%	1.00%

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

Item	March 31, 2022	December 31, 2021	March 31, 2021
Within 1 year	\$ 15,824	\$ 14,414	\$ 15,711
Over 1 year but within 5 years	28,819	29,379	35,041
Over 5 years but within 10 years	27,625	27,626	27,626
Over 10 years but within 15 years	9,669	11,050	15,194
Over 15 years but within 20 years	-	-	-
Over 20 years	-	-	-
Undiscounted total lease payments	<u>\$ 81,937</u>	<u>\$ 82,469</u>	<u>\$ 93,572</u>



### 3. Material leasing activities and terms

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

#### (2) Option to extend leases

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

### 4. Sublease : None

### 5. Other relevant information on leases

For the three months ended March 31, 2022 and 2021, based on the operating lease contracts, the Group recorded rental income of \$19,126 thousand and \$18,664 thousand, respectively, none of which was gain from variable lease payments.

Regarding the Group's agreements for leasing out investment properties under operating lease, please refer to Note 6.12-6.

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Short-term lease expense	\$ 143	\$ 137
Low-value-assets lease expense	-	-
Expense on variable lease payments	-	-
Total	<u>\$ 143</u>	<u>\$ 137</u>
Interest expense on lease liabilities	<u>\$ 252</u>	<u>\$ 284</u>
Gain (loss) generated from sale and leaseback transactions	<u>\$ -</u>	<u>\$ -</u>
Gain (loss) generated from amendment of lease transactions	<u>\$ -</u>	<u>\$ -</u>

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

(2)For the three months ended March 31, 2022 and 2021, the total cash outflows were \$2,445 thousand and \$2,478 thousand, respectively.

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

## 6.12 Investment properties

Item	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 583,429	\$ 583,429	\$ 583,429
Land improvements	418,746	418,746	418,746
Investment properties under construction	3,631	3,631	-
Subtotal	1,005,806	1,005,806	1,002,175
Less : Accumulated depreciation	( 363,423)	( 362,136)	( 358,277)
Less : Accumulated impairment	-	-	-
Net amount	\$ 642,383	\$ 643,670	\$ 643,898

Item	Land	Land improvements	Investment properties under construction	Total
Cost :				
2022.1.1. Balance	\$ 583,429	\$ 418,746	\$ 3,631	\$ 1,005,806
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
2022.3.31. Balance	\$ 583,429	\$ 418,746	\$ 3,631	\$ 1,005,806
Accumulated depreciation and impairment :				
2022.1.1. Balance	\$ -	\$ 362,136	\$ -	\$ 362,136
Depreciation expense	-	1,287	-	1,287
Disposals	-	-	-	-
Reclassification	-	-	-	-
2022.3.31. Balance	\$ -	\$ 363,423	\$ -	\$ 363,423

Item	Land	Land improvements	Investment properties under construction	Total
Cost :				
2021.1.1. Balance	\$ 583,429	\$ 418,746	\$ -	\$ 1,002,175
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
2021.3.31. Balance	<u>\$ 583,429</u>	<u>\$ 418,746</u>	<u>\$ -</u>	<u>\$ 1,002,175</u>
Accumulated depreciation and impairment :				
2021.1.1. Balance	\$ -	\$ 356,990	\$ -	\$ 356,990
Depreciation expense	-	1,287	-	1,287
Disposals	-	-	-	-
Reclassification	-	-	-	-
2021.3.31. Balance	<u>\$ -</u>	<u>\$ 358,277</u>	<u>\$ -</u>	<u>\$ 358,277</u>

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

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Rental income from investment properties	\$ 19,104	\$ 18,642
Direct operating expenses arising from the investment properties that generated rental income during the period	\$ 3,186	\$ 3,121
Direct operating expenses arising from the investment properties that did not generate rental income during the period	\$ -	\$ -

3. The Group' s investment properties are located at Meishi Section of Yangmei District in Taoyuan City, Chungxing Section of Pingzhen District in Taoyuan City and Beigang Section of Dayuan District in Taoyuan City. Since those sections are located in industrial area, the transactions in the comparable market are infrequent, and reliable estimates of fair value are not available, the fair value could not be reliably determined.

4. After careful assessment by the Group, the investment properties are not impaired.

5. All investment properties held by the Group were self-owned and not pledged to others.

6. Lease agreements - the Group as lessor

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

Item	March 31, 2022	December 31, 2021	March 31, 2021
1st year	\$ 71,582	\$ 76,416	\$ 75,030
2nd year	18,453	28,076	76,416
3rd year	18,948	18,858	18,453
4th year	18,948	18,948	18,948
5th year	18,992	18,948	18,948
Over 5 years	219,703	224,484	238,705
Total	\$ 366,626	\$ 385,730	\$ 446,500

6.13 Intangible assets

Item	March 31, 2022	December 31, 2021	March 31, 2021
Cost of computer software	\$ 3,671	\$ 7,022	\$ 4,854
Less : Accumulated amortization	( 1,161)	( 4,889)	( 4,108)
Less : Accumulated impairment	-	-	-
Net amount	\$ 2,510	\$ 2,133	\$ 746

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Cost of computer software :		
Beginning balance	\$ 7,022	\$ 6,284
Addition - from individual	177	91
Disposal / Write-off	( 3,993)	( 1,521)
Reclassification (Note)	465	-
Ending balance	<u>\$ 3,671</u>	<u>\$ 4,854</u>
Accumulated depreciation and impairment :		
Beginning balance	\$ 4,889	\$ 5,233
Amortization expense	265	396
Disposal / Write-off	( 3,993)	( 1,521)
Reclassification	-	-
Ending balance	<u>\$ 1,161</u>	<u>\$ 4,108</u>

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

1. The amount of capitalized borrowing cost and interest interval of intangible assets : None
2. The Group' s intangible assets are amortized at straight-line method based on the following useful life :

Computer software	3 years
-------------------	---------
3. After careful assessment by the Group, the Group' s intangible assets are not impaired.
4. No intangible assets held by the Group were pledged to others.

5. Amortization of intangible assets by function :

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Operating cost	\$ 106	\$ 94
Operating expense		
Sales expense	-	-
Administration expense	121	302
R&D expense	38	-
Subtotal	159	302
Total	\$ 265	\$ 396

6.14 Guarantee deposits paid

Item	March 31, 2022	December 31, 2021	March 31, 2021
Rental deposits - lessee	\$ 285	\$ 298	\$ 293
Deposits for natural gas	22,572	22,572	24,021
Membership deposits	500	500	500
Others	110	109	129
Total	\$ 23,467	\$ 23,479	\$ 24,943

6.15 Other noncurrent assets - other

Item	March 31, 2022	December 31, 2021	March 31, 2021
Long-term prepaid expenses	\$ 384	\$ 449	\$ 821
Pallets	50,739	46,753	32,494
Total	\$ 51,123	\$ 47,202	\$ 33,315

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Other noncurrent assets - other :		
Beginning balance	\$ 47,202	\$ 32,408
Addition - from individual	11,245	7,088
Amortization expense	( 7,324)	( 6,181)
Ending balance	\$ 51,123	\$ 33,315



#### 6.16 Short-term borrowings

Item	March 31, 2022	December 31, 2021	March 31, 2021
Credit loans	\$ 1,190,000	\$ 1,260,000	\$ 975,000
Interest rates	0.84%~1.10%	0.52%~0.91%	0.69%~0.88%

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

#### 6.17 Short-term notes and bills payable

Item	March 31, 2022	December 31, 2021	March 31, 2021
Commercial paper	\$ 500,000	\$ 500,000	\$ 280,000
Less : Unamortized discount	( 111)	( 155)	( 60)
Net amount	\$ 499,889	\$ 499,845	\$ 279,940
Interest rates	0.44%~0.70%	0.58%~0.69%	0.36%~0.43%

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

#### 6.18 Financial liabilities measured at fair value through profit or loss - current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Mandatorily measured at FVTPL			
Derivative - foreign exchange swap contract	\$ -	\$ 1,526	\$ 1,364

Please refer to Note 6.2-3 for details.

#### 6.19 Notes and accounts payable

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

## 6.20 Other payables

Item	March 31, 2022	December 31, 2021	March 31, 2021
Payroll and bonus payable	\$ 75,448	\$ 185,589	\$ 75,811
Employees compensation payable	2,442	21,149	8,366
Directors' and supervisor's remuneration payable	35,386	31,723	12,549
Interest payable	377	317	228
Insurance payable	15,086	15,003	15,476
Transportation fees payable	7,644	8,821	6,193
Utilities payable	44,361	45,590	42,370
Export fees payable	30,884	22,711	21,384
Processing outsourcing fees payable	187	502	1,360
Professional service fees payable	1,207	1,337	1,094
Taxes payable	13,219	7,079	13,137
Sales tax payable	-	4,063	-
Payables for equipment	23,368	34,161	44,127
Investment proceeds payable	-	10,289	-
Others	22,283	20,674	15,870
Total	\$ 271,892	\$ 409,008	\$ 257,965

## 6.21 Provisions - current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Employee benefits - paid leaves	\$ 27,842	\$ 25,572	\$ 26,870

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	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Beginning balance	\$ 25,572	\$ 24,573
Addition	6,589	6,325
Used amount	( 4,319)	( 4,028)
Reversal amount	-	-
Ending balance	<u>\$ 27,842</u>	<u>\$ 26,870</u>

6.22 Other current liabilities - other

Item	March 31, 2022	December 31, 2021	March 31, 2021
Receipts under custody	\$ 2,094	\$ 1,604	\$ 1,309

6.23 Pension benefit plans

Item	March 31, 2022	December 31, 2021	March 31, 2021
Defined benefit plan	\$ 85,943	\$ 98,383	\$ 101,878
Defined contribution plan	5,374	5,395	5,128
Total	<u>\$ 91,317</u>	<u>\$ 103,778</u>	<u>\$ 107,006</u>

1. Defined benefit plan

(1)The Company of the Group have a defined benefit pension plan in accordance with the “Labor Standards Act” , which applies to service years of all full-time employees prior to the effective date of “Labor Pension Act” on July 1, 2005 and to the subsequent service years of the employees who chose to continue to adopt Labor Standards Act after the effective of “Labor Pension Act” . Pension benefits are based on the number of units accrued (within 15 service years, 2 units are given for each year; 1 unit is given for each year over 15 service years, and the overall accrued units is limited to 45) and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2.5% of the employees’ monthly salaries and wages to the pension fund deposited in Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the

pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March.

(2) Since there was no significant market fluctuation, shrinkage, repayment or other significant one-time event after the ending date of the previous financial year, the Company measures and discloses the pension cost for the interim periods using the pension cost determined by actuary as of December 31, 2021 and 2020. Please refer to Note 6.23-1 of the 2021 annual consolidated financial statements for details.

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Operating cost	\$ 150	\$ 90
Operating expense		
Sales expense	6	3
Administration expense	11	10
R&D expense	3	2
Subtotal	20	15
Total	\$ 170	\$ 105

## 2. Defined contribution plan

(1) The employee pension plan under the “Labor Pension Act” is a defined contribution plan applicable to employees holding R. O. C. citizenship. Pursuant to the plan, to the portion of applicable labor pensions chosen under the Labor Pension Act by the employees, the Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee’ s salary or wage to employees’ pension accounts. The employees’ pensions, according to their respective pension accounts and accumulated profit amount, will be paid either in a lump sum amount or paid monthly. That is, no additional statutory or presumed obligation to make additional payment after the Company and its domestic subsidiaries make the fixed amounts of monthly contributions to the Bureau of Labor Insurance.

(2) In accordance with the local government regulations, the Group's overseas subsidiaries pay pension insurance premiums or make pension fund contributions based on the local employees' salaries. The pensions of each employee are organized and managed by the governments, and the overseas subsidiaries does not have further obligation except for making the monthly or annual contributions or payments according to the local government regulations.

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Operating cost	\$ 6,742	\$ 6,480
Operating expense		
Sales expense	450	416
Administration expense	557	495
R&D expense	331	299
Subtotal	1,338	1,210
Total	\$ 8,080	\$ 7,690

#### 6.24 Guarantee deposits received

Item	March 31, 2022	December 31, 2021	March 31, 2021
Rental deposits - rent out	\$ 22,614	\$ 22,614	\$ 22,614
Others	850	550	550
Total	\$ 23,464	\$ 23,164	\$ 23,164

#### 6.25 Share capital

Item	March 31, 2022	December 31, 2021	March 31, 2021
Authorized number of shares (thousands of shares)	800,000	800,000	800,000
Authorized capital	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Issued shares with proceeds fully received (thousands of shares)	531,688	531,688	531,688
Raised capital	\$ 5,316,884	\$ 5,316,884	\$ 5,316,884

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

2. The main reason for the change in the Company' s capital in this period was due to cancellation of treasury shares, please refer to Note 6.29-2 for details.

#### 6.26 Capital surplus

Item	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	\$ 210,318	\$ 210,318	\$ 316,656
Surplus from treasury stock transactions	188,021	188,021	188,021
Uncollected overdue dividends by shareholders	496	496	270
Total	<u>\$ 398,835</u>	<u>\$ 398,835</u>	<u>\$ 504,947</u>

According to the Company Act, in addition to offsetting against accumulated loss, when a company does not have accumulated loss, the capital surplus from additional paid-in capital in excess of par during stock issuance and from gifts received may be distributed to shareholders in form of new shares or cash according to their respective shareholding ratios. And according to the Securities and Exchange Act, when reinvest the above capital surplus as additional capital, the total amount is limited to 10% of the received capital. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. In addition, regarding uncollected overdue dividends, since such capital surplus are different from the capital surplus as defined in Article 239 of Company Act in nature, they shall not be used for any purpose.

#### 6.27 Retained earnings

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

2. The Company' s dividend policy is as following :

The Company shall consider changes in business environment, considers future operating funds required from life cycles of various products and services and the effects of tax rules, in the goal of sustaining stable dividend distributions, dividends are distributed according to the set

ratios under the corporate charter. After measuring the required funds in future years, profitability, financial structure, and dilution effects on shares, and other factors, the Board of Directors develops an appropriate ratio of dividends in cash and in stocks and submits for approval at the shareholders' meeting. The Company would distribute cash dividends as priority. If there are major investment plans or needs for improving financial structure, part of dividends would be distributed in stocks. In order to avoid over-inflation of share capital and affect the level of dividend distribution in future years, 0%-60% of the Company's distributable current-year earnings are appropriated as dividends.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.
4. Upon earnings distribution, in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021 and regulations under "Q&A on Recording Special Reserve After Adopting IFRSs", the Company shall set aside or reverse special reserve. When the net deduction item on other equity later is reversed, the reversed amount could be included in the distributable earnings.

5. The appropriations of 2021 and 2020 earnings have been approved by the board of directors and the shareholders' meetings on March 11, 2022 and July 23, 2021, respectively. The appropriations and dividends per share were as follows :

Distribution item	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2021	For Fiscal Year 2020	For Fiscal Year 2021	For Fiscal Year 2020
	Record legal reserve	\$ -	\$ -	-
Record (reverse) special reserve	-	-	-	-
Cash dividends	425,351	53,169	\$ 0.80	\$ 0.10
Stock dividends	-	-	-	-

In addition, on July 23, 2021, the shareholders' annual meeting passed a resolution to distribute cash from additional paid-in capital - common share premium (NT\$0.2 per common share), totaled NT\$106,338 thousand. The 2021 earnings distribution is pending for resolution by the shareholders' annual meeting, which is expected to be held on June 8, 2022.

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.



## 6.28 Other equity item

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
2022.1.1. Balance	(\$ 270)	\$ 60,167	\$ 59,897
Directly Recognized as other equity adjustment items	556	5,192	5,748
Transferred to profit or loss item	-	-	-
Transferred to retained earnings	-	-	-
Shares recognized under equity method	-	-	-
Income tax related to other equity items	-	-	-
2022.3.31. Balance	<u>\$ 286</u>	<u>\$ 65,359</u>	<u>\$ 65,645</u>

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

Item	Exchange differences from translation of foreign operations	Unrealized gains or losses for financial assets measured at FVTOCI	Total
2021.1.1. Balance	(\$ 219)	\$ 26,357	\$ 26,138
Directly Recognized as other equity adjustment items	( 135)	21,069	20,934
Transferred to profit or loss item	-	-	-
Transferred to retained earnings	-	-	-
Shares recognized under equity method	-	-	-
Income tax related to other equity items	-	-	-
2021.3.31. Balance	<u>(\$ 354)</u>	<u>\$ 47,426</u>	<u>\$ 47,072</u>

## 6.29 Treasury shares

1. Reason for redemption of shares and the changes are summarized as following : (2022. 1. 1. ~ 3. 31. : None )

2021. 1. 1. ~ 3. 31.

Reason for redemption	Beginning balance		Increase in this period		Decrease in this period		Ending balance	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Maintain company credit and shareholders' rights	17,305	\$ 160,576	1,008	\$ 9,993	18,313	\$ 170,569	-	\$ -

2. On November 13, 2020, the board of directors passed a resolution that, in order to maintain company credit and the shareholders' rights, from November 16, 2020 to January 12, 2020, the Group would buy back 30,000 thousand shares of the Company at NT\$6.04~NT\$12.52 from the stock exchange market. In order to maintain both the market transaction mechanism and overall shareholders' rights, treasury shares were bought back in batches depending on changes in stock price and transaction volume. Considering that the stock price had been stabilized during the buy-back period, the buy-back plan was not executed in full, where the Group only bought back 18,313 thousand shares from the stock exchange market, with buy-back cost of \$170,569 thousand. Using January 20, 2021 as the capital-reduction base date, the Group cancelled the bought 18,313 thousand of treasury shares, with par value of NT\$10 per share, totaled \$183,130 thousand and the amendment registration had been completed. When cancelling the treasury shares, the difference of the par value of cancelled shares over the book value of treasury shares by the amount of \$12,561 thousand was transferred to additional paid-in capital - surplus from treasury stock transactions.

3. According to the Securities and Exchange Act, the Group shall not buy back more than 10% of its total outstanding shares ; the total dollar amount of buy-back shares shall not exceed the summary of retained earnings, additional paid-in capital in excess of par and realized capital surplus. The Group used the board of directors resolution date and met the regulations under Securities and Exchange Act.

4. According to the Securities and Exchange Act, the purchased shares due to maintaining company credit and the shareholders' rights shall be cancelled and registration filed within 6 months.

5. According to Securities and Exchange Act, the Group' s held treasury shares shall not be pledged or entitled to receive dividends or voting rights, etc.

### 6.30 Operating revenue

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Revenue from contracts with customers		
Sales revenue	\$ 2, 819, 568	\$ 2, 357, 826
Service revenue	2, 289	5, 452
Total	\$ 2, 821, 857	\$ 2, 363, 278

#### 1. Breakdown of revenue from contracts with customers

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

Major types of goods and services	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Sales revenue		
Textured yarn	\$ 920, 398	\$ 747, 711
Polyester yarn	3, 040	3, 653
Nylon fiber	356, 560	348, 122
Nylon chips	1, 362, 669	1, 073, 393
Composite materials	176, 216	183, 659
Trading of raw materials	685	1, 288
Subtotal	2, 819, 568	2, 357, 826
Service revenue		
Revenue from outsourced manufacturing	2, 289	5, 452
Subtotal	2, 289	5, 452
Total	\$ 2, 821, 857	\$ 2, 363, 278

#### 2. Contract balance

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

Item	March 31, 2022	December 31, 2021	March 31, 2021
Contractual assets : None			
Contractual liabilities - current			
Sale of goods	\$ 66,204	\$ 54,457	\$ 96,510

(1) Material changes in contractual assets and liabilities

Changes in contract liabilities of the Group as of March 31, 2022 compared to those by the end of last year and to the comparable period last year mainly come from timing differences when the contractual obligations are fulfilled and when the customers make the payment.

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

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Beginning balance of contractual liabilities that are recorded as revenue in this period		
Sale of goods	\$ 28,018	\$ 55,253

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

For the three months ended March 31, 2022 and 2021, the Group did not have contractual obligations that were fulfilled (or partly fulfilled) in the previous period. Nor there was any adjustment made to the recorded current-period revenue due to changes in the transaction prices or restrictions in recording variable consideration.

(4) Unfulfilled contracts with customers

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group does not have any unfulfilled sales contracts with customers, the expected remaining periods for the existing contracts are within one year and are expected to be fulfilled and recognized as revenue within one year.

3. Assets related to contractual costs : None

### 6.31 Interest income

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Interest on bank deposits	\$ 346	\$ 7

### 6.32 Other income

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Rental income	\$ 19,126	\$ 18,664
Income from scrap sales	6,059	3,573
Income from sample sales	817	1,055
Income from recovery of packaging materials	596	819
Income from sale of renewable energy	2,097	887
Net income from water testing	-	458
Others	408	612
Total	\$ 29,103	\$ 26,068

### 6.33 Other gains and losses

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Net gains (losses) on financial and assets and liabilities at FVTPL	(\$ 56,876)	\$ 168,902
Gains (losses) on disposal of property, plant and equipment	20,565	-
Gains (losses) on disposal of investments	( 3,501)	18,830
Net non-financial foreign currency exchange gains (losses)	17,749	( 1,815)
Direct operating expenses of investment properties	( 3,186)	( 3,121)
Depreciation of renewable energy equipment	( 1,232)	( 429)
Others	( 7)	( 251)
Total	(\$ 26,488)	\$ 182,116

### 6.34 Financial cost

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Interest expense		
Interest on borrowing from financial institutions	\$ 3,240	\$ 2,187
Imputed interest on deposits	23	23
Interest on lease liabilities	252	284
Other	187	144
Subtotal	3,702	2,638
Fees related to issuing CP	269	164
Net financial foreign currency exchange (gains) losses	( 4,416)	3,168
Less : Capitalized amount	-	-
Total	(\$ 445)	\$ 5,970

### 6.35 Employee benefits, depreciation and amortization expense

By nature	2022. 1. 1. ~ 3. 31.			2021. 1. 1. ~ 3. 31.		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$182,143	\$ 34,241	\$216,384	\$174,559	\$ 50,341	\$224,900
Labor and health insurance	16,310	6,125	22,435	16,080	4,329	20,409
Pension expense	6,892	1,358	8,250	6,570	1,225	7,795
Other benefits	7,359	7,564	14,923	5,044	9,552	14,596
Depreciation expense (Note)	105,250	3,758	109,008	121,538	4,145	125,683
Amortization expense	7,430	159	7,589	6,035	542	6,577
Total	\$325,384	\$ 53,205	\$378,589	\$329,826	\$ 70,134	\$399,960

Note : The depreciation expenses for renewable energy equipment (recorded in property, plant and equipment) for the three months ended March 31, 2022 and 2021 were \$1,232 thousand and \$429, respectively, and recorded as non-operating income and expenses - other ; the depreciation expenses of investment properties for the three months ended March 31, 2022 and 2021 were both \$1,287 thousand, and recorded as non-operating income and expenses - other (direct operating expenses for investment properties).

1. According to the corporate charter, if the Company has profit in a year, it shall allocate 2% as employees' compensation and may allocate no more than 3% as remuneration for directors and supervisors. but if the Company has accumulated losses, the profit shall first reserve for offsetting losses.
2. Regarding estimation of the payable compensation to employees, directors and supervisors, based on profitability in the current year, along with considerations on the expected distribution amount, the upper and lower percentage limits under corporate charter and other factors, the Company' s management estimates the compensation according to the current-period profit amount before deducting income tax, compensation to employees and directors' remuneration. For the three months ended March 31, 2022 and 2021, the Company estimates \$2,442 thousand and \$8,366 thousand of compensation to employees, respectively and \$3,663 thousand and \$12,549 thousand of directors' and supervisors' remuneration, respectively. However, before the issuance date of these financial statements and after resolution by the board of directors, if there is material change in the distribution amount, the change would be adjusted in the current-year expense ; if subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the next year.
3. On March 11, 2022 and March 26, 2021, the Company' s board of directors had passed resolution to distribute NT\$21,149 thousand and 0 of compensation to employees for 2021 and 2020, respectively ; \$31,723 thousand and 0 of remuneration to directors and supervisors for 2021 and 2020, respectively. The aforementioned distribution amounts are not

different from those estimated in 2021 and 2020 financial statements, and the compensation and remuneration will be distributed in cash.

4. Information on employees' compensation and remuneration for directors and supervisors of the Company as resolved by the meeting of board of directors is available from the "Market Observation Post System" at the website of the TWSE.

#### 6.36 Changes in liabilities from financing activities

Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
2022.1.1.	\$ 1,260,000	\$ 499,845	\$ 76,591	\$ 23,164
Net changes in financing cash flows	( 70,000)	-	( 2,050)	300
Noncash changes - lease addition/remeasurement	-	-	1,723	-
Noncash changes - note discounts	-	44	-	-
Noncash changes - foreign exchange effect	-	-	21	-
March 31, 2022	\$ 1,190,000	\$ 499,889	\$ 76,285	\$ 23,464
Item	Short-term borrowings	Short-term notes payable	Lease liabilities	Guarantee deposits received
2021.1.1.	\$ 710,000	\$ 449,934	\$ 80,000	\$ 23,164
Net changes in financing cash flows	265,000	( 170,000)	( 2,057)	-
Noncash changes - lease addition/remeasurement	-	-	8,931	-
Noncash changes - note discounts	-	6	-	-
Noncash changes - foreign exchange effect	-	-	( 3)	-
March 31, 2021	\$ 975,000	\$ 279,940	\$ 86,871	\$ 23,164



## 6.37 Income tax

### 1. Components of income tax expense (benefit):

#### (1) Income tax expense recognized in profit or loss

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Current income tax	\$ 23,946	\$ 16
Deferred income tax expense (benefit)		
Initial occurrence and reversals of temporarily differences	11,377	15,161
Net (increase) decrease in deferred income tax	11,377	15,161
Adjustments in respect of prior years	-	-
Income tax expense (benefit) recognized in profit or loss	\$ 35,323	\$ 15,177

The income tax rate for the Group entities under the tax laws of Republic of China is 20% ; The applicable tax rate for the subsidiaries in Mainland China is 25% ; The tax amounts in other regions are computed according to the tax rates applicable in the respective regions.

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

2. The Group' s domestic income tax returns through 2020 had been assessed and approved by the tax authority.

## 6.38 Earnings per share

The Company' s basic earnings per share is computed using the current-period net income (loss), divided by the weighted average number of outstanding common shares ; The new shares from capital increases from un-distributed earnings or capital surplus are retrospectively computed. If the Company may choose to distribute employees compensation with either stocks or cash, then the diluted earnings per share, assuming the compensation is distributed in stocks, is computed using the potential additional shares which would dilute the weighted average number of outstanding common shares. When determining the number of shares issued for employees compensation in the next year, the potential dilution effects are continuously considered.

	2022. 1. 1. ~ 12. 31.			2021. 1. 1. ~ 12. 31.		
	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)	After-tax amount	Weighted average number of shares outstanding for the period (in thousands)	Basic earnings per share, after tax (in dollars)
Basic earnings (loss) per share :						
Net income (loss) attributable to owners of parent company	\$ 80,494	531,688	\$ 0.15	\$ 381,949	531,811	\$ 0.72
Effects from potential diluting common shares						
Employees compensation	-	1,183		-	709	
Diluted earnings per share :						
Net income (loss) attributable to owners of parent company						
After effects from potential diluting common shares	\$ 80,494	532,871	\$ 0.15	\$ 381,949	532,520	\$ 0.72

## 7. Related Party Transactions

### 7.1 Parent company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

### 7.2 Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Company</u>
Yen Hsing Textile Co., Ltd.	Company that key management has significant influence
Su, Liao Hsiu Chin and 2 other individuals	Substantial related party
All directors, general manager and vice general managers	Key management

### 7.3 Significant transactions with related parties

All significant transactions, account balances, revenue/gains and expenses/losses among the Company and subsidiaries (that is, the related parties of the Company) had been eliminated, therefore, not disclosed in these notes. Please refer to Note 13.1,2-11 for the related-party transactions within the Group. The transactions between the Group and other related parties are as following :

#### 1. Sales

<u>Related party category</u>	<u>2022. 1. 1. ~ 3. 31.</u>	<u>2021. 1. 1. ~ 3. 31.</u>
Company that key management has significant influence	\$ 57,107	\$ 53,119

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

#### 2. Purchases

<u>Related party category</u>	<u>2022. 1. 1. ~ 3. 31.</u>	<u>2021. 1. 1. ~ 3. 31.</u>
Company that key management has significant influence	\$ 220	\$ 335

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

3. Lease agreement (lessee)

(1) Right-of-use assets

Related party category	March 31, 2022	December 31, 2021	March 31, 2021
Su, Liao Hsiu Chin and 2 other individuals	\$ 34,740	\$ 35,479	\$ 37,697

(2) Lease liabilities - current

Related party category	March 31, 2022	December 31, 2021	March 31, 2021
Su, Liao Hsiu Chin and 2 other individuals	\$ 3,519	\$ 2,784	\$ 3,480

(3) Lease liabilities - noncurrent

Related party category	March 31, 2022	December 31, 2021	March 31, 2021
Su, Liao Hsiu Chin and 2 other individuals	\$ 32,657	\$ 33,363	\$ 35,452

(4) Interest expense

Related party category	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Su, Liao Hsiu Chin and 2 other individuals	\$ 128	\$ 138

(5) For the three months ended March 31, 2022 and 2021, the total amount of rents that the Group had paid to Su, Liao Hsiu Chin and 2 other individuals were both \$824 thousand.

(6) The Group has signed house lease contracts with Su, Liao Hsiu Chin and 2 other individuals for future years. As of March 31, 2022, December 31, 2021 and March 31, 2021, according to the agreement, the Group had issued post-dated notes (not listed) of \$2,898 thousand, 0, and \$5,072 thousand, respectively, as payments for future transactions.

(7) Lease contracts and the rents were determined based on mutual agreements according to the market prices, and post-dated notes were issued and cashed for the rents over to the lease period.

4. Claims and debts between the Group and the related parties (all interest free) :

(1) Accounts receivable

Related party category	March 31, 2022	December 31, 2021	March 31, 2021
Company that key management has significant influence	\$ 21,200	\$ 41,820	\$ 12,064

(2) Accounts payable

Related party category	March 31, 2022	December 31, 2021	March 31, 2021
Company that key management has significant influence	\$ 88	\$ 82	\$ 120

5. Others

Item	Related party category	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Sale of defect products	Company that key management has significant influence	\$ 127	\$ -
Purchase of leftover yarn and empty tubes	Company that key management has significant influence	238	413

7.4 Key management compensation

Item	2022. 1. 1. ~ 3. 31.	2021. 1. 1. ~ 3. 31.
Salaries and other short-term employee benefits	\$ 8,891	\$ 29,192
Termination benefits	-	-
Post-employment benefits	18	10
Other long-term benefits	-	-
Share-based payments	-	-
Total	\$ 8,909	\$ 29,202

8. Pledged Assets : None

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 Endorsements and guarantees : None

9.2 Guarantee notes issued

As of March 31, 2022, December 31, 2021 and March 31, 2021, due to entering of comprehensive credit contracts, the Group had issued \$800,000 thousand of guarantee notes to the financial institutions on all of the above dates.

9.3 Guarantee notes received

To ensure collectability for contracts signed, equipment warranty and guarantees for sales contracts, the Group received guarantee notes of \$632,356 thousand, \$576,045 thousand and \$557,574 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

9.4 As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's issued but unused letters of credit are as follows : (Units : Thousand dollars)

Date	Balances of issued yet unused letters of credit
March 31, 2022	NTD341,000 、EUR237 、USD7,799 、CNY39,864
December 31, 2021	NTD394,000 、EUR609 、USD14,694
March 31, 2021	NTD491,000 、EUR366 、USD23,594 、JPY288,500

9.5 As of March 31, 2022, December 31, 2021 and March 31, 2021, the significant capital expenditures on property, plant and equipment, etc., committed but not yet paid were NTD43,405 thousand, NTD29,900 thousand and NTD105,258 thousand, respectively.

10. Significant Disaster Losses : None

11. Significant Subsequent Events : None

## 12. Others

### 12.1 Explanation for seasonal or periodical interim operations

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

### 12.2 Capital risk management

The goal, policy and procedures of Group' s capital risk management do not have material change in this period and are consistent with those disclosed in the 2021 annual consolidated financial statements. Please refer to Note 12.2 of the 2021 annual consolidated financial statements.

### 12.3 Financial instruments

#### 1. Types of financial instruments

Financial assets	March 31, 2022	December 31, 2021	March 31, 2021
FVTPL financial assets			
Mandatorily measured at FVTPL	\$ 859,524	\$ 916,107	\$ 804,888
FVTOCI financial assets			
Investments in equity instruments	248,190	246,998	229,778
Financial assets measured at amortized cost			
Cash and cash equivalents	55,506	71,448	70,794
Notes and accounts receivable (including related parties)	1,420,689	1,607,436	1,228,108
Other receivables	30,076	7,513	14,393
Refundable deposits paid	23,467	23,479	24,943
<u>Financial liabilities</u>			
Financial liabilities measured at FVTPL			
Mandatorily measured at FVTPL	-	1,526	1,364
Financial liabilities measured at amortized cost			
Short-term borrowings	1,190,000	1,260,000	975,000
Short-term notes payable	499,889	499,845	279,940
Notes and accounts payable (including related parties)	776,924	842,058	612,867
Other payables	271,892	409,008	257,965
Lease liabilities - current and noncurrent	76,285	76,591	86,871
Guarantee deposits received	23,464	23,164	23,164

## 2. Financial risk management policies

The goal, policy and procedures of Group's financial risk management do not have material change in this period and are consistent with those disclosed in the 2021 annual consolidated financial statements. Please refer to Note 12.3-2 of the 2021 annual consolidated financial statements.

## 3. Nature and degree of material financial risks

### (1) Market Risk

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

#### A. Foreign exchange risk

The Group engages in businesses that involve several non-functional currencies (the functional currency of the Group is New Taiwan Dollars, and the functional currencies for part of the subsidiaries are CNY and USD), therefore, the Group is affected by fluctuations in exchange rates. The foreign-currency assets and liabilities subjected to significant impacts from fluctuations in exchange rates are as following: (including monetary items in non-functional currencies that were written off in the Consolidated Financial Statements)

Item (Foreign currency : functional currency)	March 31, 2022			December 31, 2021		
	Amount in Foreign Currency	Exchange Rate	In NTD	Amount in Foreign Currency	Exchange Rate	In NTD
Financial assets						
Monetary items						
USD : NTD	\$ 19,066	28.625	\$ 545,764	\$ 18,414	27.68	\$ 509,700
CNY : NTD	2,927	4.5060	13,189	4,234	4.3440	18,392
Financial liabilities						
Monetary items						
USD : NTD	9,815	28.625	280,954	11,238	27.68	311,068
EUR : NTD	113	31.92	3,607	-	-	-



Item (Foreign currency : functional currency)	March 31, 2021		
	Amount in Foreign Currency	Exchange Rate	In NTD
Financial assets			
Monetary items			
USD : NTD	\$ 19,759	28.535	\$ 563,823
CNY : NTD	3,622	4.3440	15,734
Financial liabilities			
Monetary items			
USD : NTD	8,374	28.535	238,952

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

The Group' s sensitivity analysis of foreign currency risk focuses on the major foreign monetary and non-monetary items on the reporting date and their foreign exchange effects on the Group' s profit or loss and equity. When the foreign exchange rates appreciate/depreciate by 1%, the Group' s net income for the three months ended March 31, 2022 and 2021 would increase/decrease by \$2,195 thousand and \$2,725 thousand, respectively. 1% is the sensitivity ratio used for the Group' s internal reporting on foreign exchange risks to key management, it also represents the management' s assessment on the reasonable range of potential changes in foreign exchange rates.

The unrealized net exchange gain (loss) arising from significant foreign exchange movement on the monetary items held by the Group for the three months ended March 31, 2022 and 2021 amounted to \$7,173 thousand and (\$970) thousand, respectively. Due to complexity and large volume of transaction in foreign currencies, the unrealized exchange gain (loss) is expressed in summarized amounts.

#### B. Interest rate risk

Interest rate risk is the risk of fluctuations in fair value of financial instruments or in future cash flows due to changes in market interest rates. The Group' s interest rate risk mainly comes

from borrowings with floating interest rates. However, part of the risks are offset by the held cash and cash equivalents with floating interest rates. Since the Group regularly assess the trend of change in interest rates and would make timely responses, material risk from changes in market interest rates is not expected to occur. If the borrowing interest rate is increased/decreased by 10 basis points, given other factors remain constant, the Group' s net income will decrease/increase by \$346 thousand and \$246 thousand for the three months ended March 31, 2022 and 2021, respectively.

### C. Price risk

The Group is exposed to the price risk of equity instruments since the investments held by the Group are classified either as financial assets measured at FVTPL or at FVTOCI. In order to manage the price risk of equity instruments, the Group diversifies its investment portfolios, with the diversification methods based on the limits set by the Group. The prices of financial assets measured at FVTPL or at FVTOCI invested by the Group would be affected by uncertainties of future value of the investment targets. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, the after-tax profit for the three months ended March 31, 2022 and 2021 would have increased/decreased by \$8,595 thousand and \$8,035 thousand, respectively ; Equity would have increased/decreased by \$2,482 thousand and \$2,298, respectively.

### (2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivables) and from financing activities (primarily bank deposits and various financial instruments). Business-related credit risk and financial credit-related risks are managed separately.

The goal, policy and procedures of Group' s credit risk management do not have material change in this period and are consistent with those disclosed in the 2021 annual consolidated financial statements.

Please refer to Note 12.3-3(2) of the 2021 annual consolidated financial statements.

The Group adopts the presumptions under IFRS 9. When an account is overdue over 30 days based on the agreed contractual payment terms, the credit risk of the financial asset is considered to have significantly increased after initial recognition ; When overdue over 365 days based on the agreed contractual payment terms, or when the debtor is unlikely to fulfill its credit obligation and fully pays to the Group, the Group regards default has occurred to the financial asset. For aging analysis for accounts receivable and movements of loss allowance, please refer to Note 6.3 and 6.4 for details.

There is no change in the Group' s credit risk exposure of its financial instruments and management and measurement methods for such risks. Therefore, the maximum exposure amounts of the Group' s cash and cash equivalent, receivables, and other financial assets as of the balance sheet date are the same as their book value.

### (3) Liquidity risk

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

The following schedule summarizes the Group' s non-derivative financial liabilities and derivative financial liabilities traded based on net amount or gross amount, grouped according to the respective expiration dates and prepared according to the earliest possible requested repayment dates and the undiscounted cash flows. The Group does not expect significant early expiration or deviation of the actual cash flows. Regarding cash flows for interest payments that are subjected to floating interest rates, the undiscounted interest amounts are derived from the projected curve of yield rates on the balance sheet date. Therefore, the amounts of non-derivative financial liabilities subjected to floating interest rates would

change due to the difference between the estimated interest rates on the balance sheet date and the actual floating rates. Regarding maturity analysis on lease liabilities, please refer to Note 6.11-2(2).

March 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	\$ 843,207	\$350,490	\$ -	\$ -	\$ -	\$1,193,697	\$1,190,000
Short-term notes payable	500,000	-	-	-	-	500,000	499,889
Notes payable	106,980	-	-	-	-	106,980	106,980
Accounts payable (including related parties)	669,944	-	-	-	-	669,944	669,944
Other payables	231,800	40,092	-	-	-	271,892	271,892

December 31, 2021

Item	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	\$ 914,464	\$351,240	\$ -	\$ -	\$ -	\$1,265,704	\$1,260,000
Short-term notes payable	500,000	-	-	-	-	500,000	499,845
Notes payable	217,881	-	-	-	-	217,881	217,881
Accounts payable (including related parties)	624,177	-	-	-	-	624,177	624,177
Other payables	409,008	-	-	-	-	409,008	409,008
Derivative financial liabilities							
Foreign exchange forward contract							
Outflows	1,526	-	-	-	-	1,526	1,526

March 31, 2021

Item	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	\$ 617,404	\$361,093	\$ -	\$ -	\$ -	\$ 978,497	\$ 975,000
Short-term notes payable	280,000	-	-	-	-	280,000	279,940
Notes payable	87,791	-	-	-	-	87,791	87,791
Accounts payable (including related parties)	525,076	-	-	-	-	525,076	525,076
Other payables	201,238	56,727	-	-	-	257,965	257,965
Derivative financial liabilities							
Foreign exchange forward contract Outflows	1,364	-	-	-	-	1,364	1,364

## 12.4 Fair value information

### 1. Fair value levels

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

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

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

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

### 2. Financial instruments that are not measured at fair value

The book value of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets - current, short-term borrowings, short-term notes payable, notes and accounts payable (including related parties), other payables (including related

parties), etc.) approximates their fair value ; The affect due to whether or not the expected cash flows from refundable deposits or guarantee deposits received are discounted is not material, therefore, their book value provides a reasonable basis for estimating their fair value.

3. Regarding the financial and non-financial instruments that are measured at fair value as of March 31, 2022, December 31, 2021 and March 31, 2021, the Group classifies the assets and liabilities based on their nature, characteristics, level of risks and fair value :

Financial and non-financial instruments	March 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	\$ 859,287	\$ -	\$ -	\$ 859,287
Derivative instruments— Foreign exchange swap	-	237	-	237
Financial assets measured at FVTOCI				
- noncurrent				
Non-listed stocks and limited partnership	-	-	248,190	248,190
Total	<u>\$ 859,287</u>	<u>\$ 237</u>	<u>\$ 248,190</u>	<u>\$ 1,107,714</u>
Financial and non-financial instruments	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	\$ 916,083	\$ -	\$ -	\$ 916,083
Derivative instruments— Foreign exchange swap	-	24	-	24
Financial assets measured at FVTOCI				
- noncurrent				
Non-listed stocks and limited partnership	-	-	246,998	246,998
Total	<u>\$ 916,083</u>	<u>\$ 24</u>	<u>\$ 246,998</u>	<u>\$ 1,163,105</u>
<b>Liabilities</b>				
Recurring fair value				
Financial liabilities measured at FVTPL - current				
Derivatives - foreign exchange forward contracts	\$ -	\$ 1,526	\$ -	\$ 1,526

Financial and non-financial instruments	March 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Recurring fair value				
FVTPL financial assets - current				
Listed stocks	\$ 804,888	\$ -	\$ -	\$ 804,888
Financial assets measured at FVTOCI				
- noncurrent				
Non-listed stocks	-	-	229,778	229,778
Total	<u>\$ 804,888</u>	<u>\$ -</u>	<u>\$ 229,778</u>	<u>\$ 1,034,666</u>
<b>Liabilities</b>				
Recurring fair value				
Financial liabilities measured at				
FVTPL - current				
Derivatives - foreign exchange forward contracts	\$ -	\$ 1,364	\$ -	\$ 1,364

#### 4. The methods and assumptions used for measure fair values

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

- (1) Regarding financial instruments with standard terms and condition and are traded in active markets, their fair value are determined using the quoted prices in their respective markets. For, listed securities, the closing prices are used as fair value.
- (2) Except for above financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the Consolidated balance sheet date. The Group adopts valuation methods and model that are widely accepted by market participants, the inputs used by such valuation model for financial instruments are generally observable market information,

and the forward exchange contracts are generally valued at the forward exchange rates at the present time.

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

(4) The output of the valuation model is the computed approximate value, and the valuation technique may not be able to reflect all relevant factors of the Group's held financial and non-financial instruments. Therefore, the estimated value of the valuation model would be properly adjusted based on additional parameters, such as model risk or liquidity risk. Based on the Group's management policy for fair-value valuation model and the related controlling procedures, the valuation adjustments are appropriate and necessary. The price information and parameters used during the valuation procedures are assessed carefully and are properly adjusted based the current market conditions.

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

5. Transfer between Level 1 and Level 2 of the fair value hierarchy for the three months ended March 31, 2022 and 2021 : None



6. Changes in Level 3 financial instruments for the three months ended March 31, 2022 and 2021

Item	Non-derivative equity instruments - unlisted stocks	
	2022. 1. 1.	2021. 1. 1.
	~ 3. 31.	~ 3. 31.
Beginning balance	\$ 246,998	\$ 208,709
Acquisition in this period	-	-
Disposition in this period	-	-
Funds returned from capital reduction in this period	( 4,000)	-
Transfer in (out) Level 3	-	-
Recognized in other comprehensive income	5,192	21,069
Ending balance	\$ 248,190	\$ 229,778

7. For the three months ended March 31, 2022 and 2021, the Group did not have fair value transferred in or out from Level 3.

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

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

Item	Fair value as of March 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	\$ 201,935	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	46,255	Asset approach	NA	NA	NA
Total	<u>\$ 248,190</u>				

Item	Fair value as of December 31, 2021	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments :					
Un-listed stocks	\$ 195,389	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks and limited partnership	51,609	Asset approach	NA	NA	NA
Total	<u>\$ 246,998</u>				

Item	Fair value as of March 31, 2021	Valuation technique	Material unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments :					
Un-listed stocks	\$ 182,562	Market approach	Liquidation discount	25%	higher liquidation discount, lower fair value results
Venture capital stocks	47,216	Asset approach	NA	NA	NA
Total	<u>\$ 229,778</u>				

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

			2022. 1. 1. ~ 3. 31.			
Item	Input value	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments :						
Un-listed stocks	Liquidation discount	+1%	\$ -	\$ -	\$ -	(\$ 2,672)
		-1%	\$ -	\$ -	\$ 2,672	\$ -
			2021. 1. 1. ~ 3. 31.			
Item	Input value	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Non-derivative equity instruments :						
Un-listed stocks	Liquidation discount	+1%	\$ -	\$ -	\$ -	(\$ 2,459)
		-1%	\$ -	\$ -	\$ 2,459	\$ -

13. Supplementary disclosures

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

1. Loans to others : None

2. Endorsements and guarantees provided to others : None

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

Unit: Thousand shares/units (unless specified otherwise)

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	End of the period			
					Number of shares/units	Book value	Ownership (%)	Fair value
ZIG SHENG INDUSTRIAL CO., LTD.	Stock	NAN YA PLASTICS CORPORATION	—	Financial assets measured at FVTPL - current	592	\$ 55,174	0.01	\$ 55,174
		Formosa Chemicals And Fibre Corporation	—	Financial assets measured at FVTPL - current	200	15,800	-	15,800
		Shinkong Synthetic Fibers Corporation	—	Financial assets measured at FVTPL - current	599	12,549	0.04	12,549
		TAINAN SPINNING CO., LTD.	—	Financial assets measured at FVTPL - current	1,040	24,336	0.06	24,336
		YI JINN INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	6,911	126,817	2.29	126,817
		LAN FA TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	677	7,684	0.19	7,684
		DE LICACY INDUSTRIAL CO., LTD.	—	Financial assets measured at FVTPL - current	1,903	29,218	0.50	29,218
		ECLAT TEXTILE CO., LTD.	—	Financial assets measured at FVTPL - current	303	144,504	0.11	144,504
		Taiwan Synthetic Rubber Corp.	—	Financial assets measured at FVTPL - current	400	13,960	0.05	13,960
		NANYA TECHNOLOGY CORPORATION	—	Financial assets measured at FVTPL - current	60	4,152	-	4,152
		EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	—	Financial assets measured at FVTPL - current	1,250	168,750	0.02	168,750
		YANG MING MARINE TRANSPORT CORPORATION	—	Financial assets measured at FVTPL - current	1,250	155,625	0.04	155,625
		CHINA AIRLINES LTD.	—	Financial assets measured at FVTPL - current	1,000	26,650	0.02	26,650
		WAN HAI LINES LTD.	—	Financial assets measured at FVTPL - current	220	34,870	0.01	34,870
		EVA AIRWAYS CORPORATION	—	Financial assets measured at FVTPL - current	97	3,128	-	3,128
		CAPITAL SECURITIES CORP.	—	Financial assets measured at FVTPL - current	600	9,870	0.03	9,870
		Nan Ya Printed Circuit Board Corporation	—	Financial assets measured at FVTPL - current	50	26,200	0.01	26,200
Lilyent Corp.	—	Financial assets measured at FVTOCI - noncurrent	2,881	67,449	4.01	67,449		
Yen Hsing Textile Co., Ltd.	The Company is the director of the company	Financial assets measured at FVTOCI - noncurrent	8,732	92,382	13.99	92,382		
Yi Tong Fiber Co., Ltd.	—	Financial assets measured at FVTOCI - noncurrent	1,341	40,590	1.52	40,590		

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	End of the period			
					Number of shares	Book value	Ownership (%)	Fair value
ZIG SHENG INDUSTRIAL CO., LTD.	Stock	Chu Sing Industrial Co., Ltd.	—	Financial assets measured at FVTOCI - noncurrent	29	\$ 1,514	3.32	\$ 1,514
		Ability I Venture Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - noncurrent	1,423	12,678	3.00	12,678
		Ability Asia Capital Corp.	The Company is the supervisor of the company	Financial assets measured at FVTOCI - noncurrent	1,600	18,304	1.04	18,304
	Limited partnership	Ability Asia Capital II Outstanding Transformation Growth Limited Partnership	—	Financial assets measured at FVTOCI - noncurrent	-	15,273	-	15,273

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 : None
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None
9. Information about the derivative financial instruments transaction : Please refer to Note 6.2-3.

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

Unit : NTD thousand/USD thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the end of period			Net income (losses) of the investee	Share of profits/losses of investee	Footnote
				End of this period	End of last year	Number of shares (thousand)	Percentage of ownership	Book value			
Zig Sheng Industrial Co., Ltd.	ZIS Holding Co., Ltd.	Mauritius	Make various investments outside of Taiwan region following the Parent company' s operating policies	\$185,020	\$185,020	5,400	100%	-	-	-	Please refer to Note 6.9 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%	\$18,254	\$ 349	\$ 489	Include \$140 thousand of net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view
	Ding Sheng Material Technology Corporation Limited	Taipei	Production of synthetic resin and industrial plastic products and related international trading	15,000	15,000	1,500	100%	2,529	( 484)	( 443)	Include \$41 thousand of net positive profit adjustment due to difference in unrealized income tax between the entity basis and consolidated basis point of view



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the end of period			Net income (losses) of the investee	Share of profits/losses of investee	Footnote
				End of period	End of last year	Number of shares (thousand)	Percentage of ownership	Book value			
Ding Sheng Material Technology Corporation Limited	Ding Sheng Material Technology Corporation	USA	General import/export trading	\$ 6,340	\$ 6,340	200	100%	(\$ 3,930)	(\$ 467)	(\$ 467)	

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

11. Business Relationships between Parent and Subsidiaries and Significant Transactions

Company name	Counter-party	Nature of relationships	Transaction details			
			Account	Amount	Transaction terms	% to Total
Zig Sheng Industrial Co., Ltd.	Suzhou Hongsheng Trading Co., Ltd.	Parent to subsidiary	Sales revenue	\$ 9,953	Per agreement based on general market price T/T 90 days settled monthly	0.35%
			Accounts receivable	13,188		0.12%
			Other income	801		0.03%
			Realized sales gains	479		—
			Unrealized sales gains	1,040		—
			—	—		0.02%
	Ding Sheng Material Technology Corporation Limited	Parent to subsidiary	Rental income	24	Per agreed contract T/T 90 days settled monthly	—
			Other receivables	25		—
	Ding Sheng Material Technology Corporation	Parent to subsidiary	Sales revenue	5,160	Per agreement based on general market price T/T 180 days settled monthly	0.18%
			Accounts receivable	17,733		0.17%
			Realized sales gains	891		—
			Unrealized sales gains	1,358		—
—			—	0.03%		
Suzhou Hongsheng Trading Co., Ltd.	Zig Sheng Industrial Co., Ltd.	Subsidiary to parent	Sales revenue	79	Per agreement based on general market price T/T 90 days settled monthly	—
			Other income	33		—
			Other receivables	32		—
			—	—		—

- Note : (1) Regarding the same transaction between the parent and subsidiary company, the transaction is not required to be disclosed repetitively. For example, regarding a transaction of parent company toward a subsidiary, if the parent company had disclosed, then the subsidiary portion is not required to be disclosed repetitively ; regarding transactions among subsidiaries, if a subsidiary had disclosed, then the other subsidiary is not required to disclose repetitively.
- (2) Regarding computation for the ratios of the transaction amounts over the total consolidated revenue or the total assets, for asset and liability items, the ratios are computed as the ending balances over the total consolidated assets ; for profit or loss items, the ratios are computed as the interim accumulated amounts over the total consolidated revenue.

## (3) Information on investment in Mainland China

1.

Unit : NTD thousand/USD thousand

Investee in Mainland China	Main Business Activities	Total Amount of Paid-in Capital	Investment Method	Accumulated Outflow of Investment from Taiwan as of Beginning of Period	Investment Flows		Accumulated Outflow of Investment from Taiwan as of End of Period	Net Income (Losses) of the Investee	Ownership Held by the Company (direct or indirect) (%)	Investment Profits/Losses Recorded	Carrying Amount as of End of Period	Accumulated Inward Remittance of Earnings as of End of Period
					Outflow	Inflow						
Kunshan Lilytex Co., Ltd.	Warehouse rental business	USD24,782	Note (1)	\$185,020 (USD5,400)	—	—	\$185,020 (USD5,400)	(\$10,862)	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)	349	100.00%	\$349 Note (2)	\$19,034 Note (2)	-

Accumulated Investment in Mainland China as of End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note (4))
\$193,903(USD5,700)	\$193,903(USD5,700)	\$4,437,931

Note :

- (1) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investment is approved by the government.
- (2) Investments in the third area, the investment income or loss under equity method and ending carrying amounts are recognized according to the direct and indirect shareholding ratio and the financial statements of Mainland China investee companies audited by the CPA of Parent company.
- (3) Shareholding ratio does not reach 50%, without controlling power, and the Company does not endorse any debt or other financial commitment of the investee company. Therefore, the carrying amount under equity method only written down to zero.
- (4) According to regulation by Investment Commission, MOEA, the accumulated investment amount or ratio in the investments in Mainland China is limited to 60% of the Company' s equity or consolidated equity, whichever is higher.
- (5) Except for initial outbound investment measured using historical exchange rates; all foreign currency amounts in the above schedule are converted to NTD using the exchange rate on the balance sheet date.

2. Material transactions with investee companies in Mainland China directly or indirectly through third area  
The Group does not have significant direct or indirect transactions with the investee company, Kunshan Lilytex Co., Ltd., through third area ; regarding significant direct or indirect transactions between the Group and the investee company, Suzhou Hongsheng Trading Co., Ltd., through third area, please refer to Note 13.1,2-11.

(4) Information on major shareholders

2022. 3. 31.

Name of Major Shareholders	Shares Number of Shares Held	Percentage of Ownership (%)
Yi Sheng Investment Co., Ltd.	52,783,760	9.92%
Su, Bai Huang	27,160,455	5.10%
Su, Ching Yuan	26,912,389	5.06%

Note :

1. The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.
2. If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

#### 14. Segment Information

(1) Business Division refers to an operating component unit that meet all of the following characteristics :

- 1.Undertakes business operations that earn revenue and incur expenses.
- 2.The operating results are periodically reviewed by the operating decision makers for forming decisions on allocating resources to the division.
- 3.With separate standalone financial information.

(2)According to point of views from the operating decision makers, the Group reviews the connections between the various management departments and the products and services and classifies the operating units into the following two reporting Business Divisions :

(1)Fiber Business Division : The division is responsible for manufacturing, processing and trading businesses in textured yarn, artificial cotton, nylon, etc.

(2)Chemical Materials Business Division : The division is responsible for manufacturing, processing and trading businesses in nylon chips, compound materials, etc.

The Groups other non-reporting business operations and operating divisions are collectively disclosed in “Other Divisions” .

(3)The Group’ s reporting Business Divisions are strategic business units for providing various products and services. Each strategic business unit requires different techniques and marketing strategies, therefore must be managed separately.

(4)The business units are supervised separately by the respective management of the Group for forming decisions on resource allocation and performance evaluation. The performance of Business Divisions are measured based on operating profit or loss, such measurement amounts are provided to operating decision makers for allocating resources to the divisions and performance evaluation and are prepared using the same methods with those in the Consolidated Financial Statements. However, the headquarter operating costs, income tax expenses (benefits) and non-regular gains or losses (non-operating income and expenses) are managed based on the parent company and are not allocated to the reporting Divisions. The reported amounts are consistent with the reports used by the operating decision

makers. The transfer pricings among the Business Divisions are based on similar regular transactions with outside third parties. The accounting policies of Business Divisions are basically the same as those described in Summary of Significant Accounting Policies in Note 4 and Note 4 of 2021 annual consolidated financial statements.

(5) Financial Information for Business Divisions

1. 2022. 1. 1. ~ 3. 31. and 2022. 3. 31

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	\$ 1,282,420	\$ 1,518,096	\$ 21,341	\$ -	\$ 2,821,857
Revenue among segments	-	646,921	79	( 647,000)	-
Total revenue	<u>\$ 1,282,420</u>	<u>\$ 2,165,017</u>	<u>\$ 21,420</u>	<u>(\$ 647,000)</u>	<u>\$ 2,821,857</u>
Segment profit (loss)	<u>\$ 116,791</u>	<u>(\$ 4,415)</u>	<u>\$ 73</u>	<u>(\$ 38)</u>	<u>\$ 112,411</u>
Non-operating income and expenses					3,406
Before-tax income (loss) from continuing operations					<u>\$ 115,817</u>
Segment profit (loss) includes :					
Depreciation and amortization	<u>\$ 61,181</u>	<u>\$ 31,797</u>	<u>\$ 348</u>	<u>\$ 23,271</u>	<u>\$ 116,597</u>
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,615,307</u>	<u>\$10,615,307</u>
Segment liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,218,755</u>	<u>\$ 3,218,755</u>



2. 2021. 1. 1. ~ 3. 31. and 2022. 3. 31

	Fiber Business Division	Chemical Materials Business Division	Other Divisions	Adjustment and write-offs	Total
Revenue					
From outside customers	\$ 1,103,397	\$ 1,235,425	\$ 24,456	\$ -	\$ 2,363,278
Revenue among segments	-	536,428	-	( 536,428)	-
Total revenue	<u>\$ 1,103,397</u>	<u>\$ 1,771,853</u>	<u>\$ 24,456</u>	<u>(\$ 536,428)</u>	<u>\$ 2,363,278</u>
Segment profit (loss)	<u>\$ 99,977</u>	<u>\$ 95,004</u>	<u>\$ 843</u>	<u>(\$ 919)</u>	<u>\$ 194,905</u>
Non-operating income and expenses					202,221
Before-tax income (loss) from continuing operations					<u>\$ 397,126</u>
Segment profit (loss) includes :					
Depreciation and amortization	<u>\$ 59,138</u>	<u>\$ 51,605</u>	<u>\$ 311</u>	<u>\$ 21,206</u>	<u>\$ 132,260</u>
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,525,265</u>	<u>\$ 9,525,265</u>
Segment liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,606,277</u>	<u>\$ 2,606,277</u>

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

- (1) Revenue among the Divisions are written off upon consolidation.
- (2) Adjustment and write-offs on segment profit or loss (including depreciation and amortization) are mainly for elimination profit or loss among the Divisions upon consolidation, for non-allocated operating expenses, etc.
- (3) Since the measurement amounts of segment assets and liabilities are not the measurement indices used by the operating decision makers, therefore, the reportable measurement amounts of segment assets and liabilities is 0. The non-allocated amounts of assets and liabilities are listed under adjustments (reconciliations) and write-offs.