Stock Code：1455

ZIG SHENG INDUSTRIAL CO., LTD.

Handbook for the 2022 Annual Meeting of Shareholders

Meeting Mode：Physical Shareholders Meeting

Time：9:00 a.m., Wednesday, Jun. 8, 2022

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

Zig Sheng Industrial Co., Ltd.

Handbook for the 2022 Annual Meeting of Shareholders

Table of Contents

Zig Sheng Industrial Co., Ltd.

Procedure for the 2022 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairperson Takes Chair and Remarks

III. Reporting Items

IV. Approval Items

V. Election Items

VI. Other Proposals

VII. Extemporary Motion

VIII. Meeting Adjouned

Zig Sheng Industrial Co., Ltd.

2022 Agenda of Annual Meeting of Shareholders

Time：	9:00 a.m. on Wednesday June 8, 2022
Place：	No. 307, Anhe St., Guanyin Dist., Taoyuan City, Taiwa, R.O.C. (Staff activity center of Guanyin factory)
Meeting Mode :	Physicals Shareholders Meeting

Meeting Agenda：

I. Call the Meeting to Order (Report the total number of shares attended)

II. Chairperson Takes Chair and Remarks

III. Report Items

1. 2021 Business Report
2. Audit Committee's Review Report on the 2021 Financial Statements
3. Report on Execution of Employees' Profit Sharing Bonus and Board of Directors' Compensation for the Year 2021

IV. Approval Items

1. 2021 Business Report and Financial Statements
2. The Proposal for Distribution of 2021 Profits

V. Election Items :
Election of 10 for the 19th session Company' Directors (including 3 Independent Directors).

VI. Other Proposals

Proposal for Release the Prohibition on newly-elected Directors from Participation in Competitive Business.

VII. Extemporary Motion

VIII. Meeting Adjourned

III. Report Items

1. 2021 Business Report

Explanation： (1) 2021 Business Report, See Appendix 1. (refer to page 12～15 of this handbook).

(2) As of December 31, 2021, the Company did not endorse and guarantee any enterprise, nor did it lend funds to Shareholders or any other person.

2. Audit Committee’s Review Report of the 2021 Financial Statements

Explanation： (1) The Company's “Parent Company Only Financial Statements” and “Consolidated Financial Statements” of year of 2021 have been verified and signed by CPA Lin, Chin-Lung and Hsiao, Ying-Chia, Crowe (TW) CPAs. The Audit Committee of the Company has also issued Audit Reports on the completion of the Audit, together with the Business Report and the Distribution of Profits.

- Independent Auditor’s Report (refer to page 16～24 、25～34 of this handbook)
- Audit Committee’s Review Report (as follows)

(2) The Audit Committee to read out the Audit Report.

Zig Sheng Industrial Co., Ltd.

Audit Committee’s Review Report

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

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

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

Date：March 11, 2022

3. Report on Execution of Employees’ Profit Sharing Bonus and Board Directors’ Compensation for the Year 2021

(1) According to the provisions of Article 26 of the Articles of Incorporation of the Company, 【2% of profit of the current year should be distributed as Employees’ compensation and not more than 3% of profit of the current year should be distributed as Directors’ remuneration in the case where there are profits for the current year, the distribution of Employee bonus shall be adopted by the Directors present at the Board Meeting before being reported to the Shareholders’ Meeting.】

(2) The profit of the Company in 2021 was NT$ 1,057,440,432, according to the Articles of Incorporation, the Employee remuneration was allocated, amounting to NT$ 21,148,809 (2%), the Director's remuneration shall be allocated, amounting to NT$ 31,723,213 (3%), all the above remuneration will be paid in cash

(3) This case was approved by the 18th Meeting of the 18th session Board of Directors of the Company. After the distribution of Employee remuneration and Director remuneration, the net profit before tax of the Company in 2021 was NT$ 1,004,568,410.

IV. Approval Items

Proposed by the Board of Directors

Proposal 1

Proposal： To approve 2021 Business Report and Financial Statements of the Company

Explanation：

1. The 2021 “Parent Company Only Financial Statements” and the “Consolidated Financial Statements” of the Company had been audited by Crowe(TW) CPAs’ CPA Lin, Chin-Lung and Hsiao, Ying-Chia, and the Audit Committee has examined and completed together with the Business Report, and issued the report for record.

2. Enclose the following data:
   (1) Business Report
   (Appendix 1, please refer to page 12 ~ 15)
   (2) Parent Company Only Financial Statements
   (Appendix 2, please refer to page 16 ~ 24)
   (3) Consolidated Financial Statement
   (Appendix 3, please refer to page 25 ~ 34)

3. Submitted for approval

Resolution：

Proposal 2

Proposed by the Board of Directors

Proposal： To approve the Proposal for Distribution of 2021 Profits.

Explanation：

1. The net profit after tax of the Company of the year 2021 is NT$ 920,076,872, after adding other comprehensive income -- actuarial loss of NT$ 350,070 (Note 1) of the remeasurements of defined benefit liability , the Company has withdrawn 10% of the legal reserve of NT$ 91,972,680 according to law, and the beginning balance of un-appropriated retained earnings, the accumulative earnings available for appropriation is NT$ 871,632,202 .
2. The Earnings Distribution Table of the year 2021 is proposed (as follows), distribute cash dividends of NT $ 425,350,704 and NT$0.8 per share. The cash paid by each Shareholder shall be calculated until NT$ 1, and the amount below NT$ 1 shall be unconditionally rounded off and included in other income of the Company.
3. If the dividend distribution plan is approved, the following authorization is requested:
   (1) After the dividend distribution plan is submitted to the Shareholders' Meeting for approval, the Chairman is authorized to fix the base date of profit distribution ex-dividend.
   (2) If the total number of outstanding shares of the Company changes, or the competent authority approves the change due to the change of laws and regulations, which affects the distribution rate of Shareholders, the Board of Directors shall be authorized to handle relevant operations.
4. Submitted for approval

Resolution：

Zig Sheng Industrial Co., Ltd.

2021 Earnings Distribution Table

Unit：NT$

Item	Amount		Remarks
Beginning Balance of Un-appropriated Retained Earnings		43,878,080	
Plus: 2021 Net Income after tax	920,076,872		
Other Comprehensive Income (Remeasurements of Defined Benefit Liability)	(350,070)		Note 1
Subtotal	919,726,802	919,726,802	
Deduct:			
Legal Reserve (10%)		(91,972,680)	
Accumulative Earnings available for appropriation		871,632,202	
Appropriation Items:			
Cash Dividends to Shareholders (NT$0.8 per share)		(425,350,704)	Note 2
Ending Balance of Un-appropriated Retained Earnings		446,281,498	

Note: 1. Remeasurements of defined benefit liability is recognized as retained earnings immediately.

2. The distribution is based on the profit distribution of the year 2021.

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

V. Election Items

Proposed by the Board of Directors

Proposal 1

Proposal： Election of 10 for the 19th session Company's Directors (including 3 Independent Directors).

Explanation：

1. The term of office of the 18th session Board of Directors of the Company expires on June 23, 2022. It is proposed to conduct a comprehensive re-election at the Shareholders' Meeting. The election shall be conducted in accordance with the "Procedure for Election of Directors" of the Company, and the cumulative voting method shall be used (please refer to appendix 6, page 49 of this handbook).
2. The Company adopted the candidate nomination system for electing the 10 Directors (including 3 Independent Directors). The term of office is three years, from June 8, 2022 to June 7, 2025 .
   The "List of Candidates for Directors (including Independent Directors)" (as follows) was adopted by the resolution of the 19th Meeting of the 18th session Board of Directors of the Company.
3. Please vote.

Election results :

Zig Sheng Industrial Co., Ltd.

List of Candidates for Directors (including Independent Directors)

Type	Name	Academic Background	Experience	Present Employment
Director	YEH,SOU-TSUN	Department of Accounting, National Chengchi University	• Chairman of Zig Sheng Industrial Co. Ltd. • Director of Eclat Textile Co., Ltd. • Director of Evertex Fabrinology Ltd. • Legal Person Director Representative of Everest Textile Co., Ltd.	Chairman of the Company
Director	SU, PAT-HUANG	Institute of Industrial Engineering, National Taiwan University	• Director of Zig Sheng Industrial Co. Ltd. • Director of Taiwan Synthetic Resins Manufacturers Association • Chairman of Taiwan Man-Made Fiber Industries Association	President of the Company
Director	YI SHENG INVESTMENT CO., LTD.	----	• Director of Zig Sheng Industrial Co. Ltd.	----
Director	LAURE INTELLECT CORP.	----	------	----
Director	YEH, TSUNG-HAO	Finance, University of Southern California	• Director of Zig Sheng Industrial Co. Ltd.	Vice President of Chemical Materials Business Division of the Company
Director	LIANG, LONG-SHIANG	Textile Engineering Section, National Taipei Institute of Technology	• Director of Zig Sheng Industrial Co. Ltd.	Senior Vice President of the Company
Director	HUNG, JUI-TING	National Tsing Hua University, Master of Materials Science and Engineering, University of Florida	• Vice President of Eclat Textile Co., Ltd.	Vice President of Eclat Textile Co., Ltd.
Independent Director	OU, YU-LUN	Faculty of Law, National Taiwan University	• Practicing Lawyer at Li Yang Law Firm • Arbiter at the Chinese Arbitration Association, Taipei • Judge at the Shilin District Court • Court Summary Judge at the Taipei District Court • Independent Director of Lealea Enterprise Co., Ltd.	• Practicing Lawyer at Li Yang Law Firm • Independent Director and member of Remuneration Committee of the Company
Independent Director	LIN, KO-WU	Department of Accounting, National Chung Hsing University	• Director at First United Accounting Firm • Independent Director of The Landis Taipei Hotel Co., Ltd. • Independent director of Tah Hsin Industrial Corporation	Independent Director and member of Remuneration Committee of the Company
Independent Director	SUNG, HERR-YEH	Department of Economics, University of Southern California	• Chairman of Allis Electric Co., Ltd. • Vice Chairman of Allis Electric Co., Ltd.	Chairman of Allis Electric Co., Ltd.

The qualification conditions of the above list of candidates for Directors have been adopted by the resolution of the 19th Meeting of the 18th session of the Board of Directors of the Company (April 21, 2022) .

VI. Other Proposals

Proposal 1

Proposed by the Board of Directors

Proposal： Proposal for Release the Prohibition on newly-elected Directors from Participation in Competitive Business.

Explanation：

1. Article 209 of the Company Act regulates the non-competition obligations of Directors, main content of the Article: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. The new Director may invest or operate other companies with the same or similar business scope as the Company as a Director or Manager, the Company relies on the professional and relevant experience of Directors, in accordance with Article 209 of the Company Act, it is proposed to submit to the Shareholders' Meeting for approval to lift the restrictions on the non-competition of directors and their representatives elected at the Regular Shareholders' Meeting this year (2022) .
3. Request for proposal for Release the Prohibition on newly-elected Directors from Participation in Competitive Business, as follows (next page).
4. Please discuss.

Resolution：

The list of Release the Prohibition on newly-elected Directors from Participation in Competitive Business :

Type	Name	Agency and Title	Business Scope
Director	YEH,SOU-TSUN	• Director of Eclat Textile Co., Ltd. • Director of Evertex Fabrinology Ltd. • Legal person director representative of Everest Textile Co., Ltd.	• Elastic knitted fabric, Wearing apparel • Printing , Dyeing and finishing, Knitted fabric • Textured yarn, Printing, Dyeing and finishing
Director	SU, PAT-HUANG	• Chairman of Taiwan Man-Made Fiber Industries Association • Director of Taiwan Synthetic Resins Manufacturers Association • Vice Chairman of Taiwan Technical Textiles Association • Director of Taiwan Textile Federation	
Director	HUNG, JUI-TING	• Vice President of Eclat Textile Co., Ltd.	• Elastic knitted fabric, Wearing apparel
Independent Director	OU, YU-LUN	• Independent Director of Lealea Enterprise Co., Ltd.	• Polyester Textured yarn, Polyester POY, Polyester Chips

VII. Extemporary Motion

VIII. Appendices

Appendix 1

ZIG SHENG INDUSTRIAL CO., LTD.
2021 Business Report

I、Introduction

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

Global oil prices rose sharply in 2021 as Brent Crude Futures went from US$51.80 at the end of 2020 to US$88.44, an annual growth rate of more than 50%. The price of Nylon raw material Caprolactam (CPL) also increased from US$1520/MT at the beginning of 2021 to US$2150/MT. Steadily rising raw material prices and favorable customer demand contributed to healthy growth of the nylon industry. The price of polyester raw materials PTA and MEG remained stable as factories in Mainland China expanded and eliminated smaller production lines.

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

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

II、Operating Performance

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

Unit： NT$ thousand

Analysis Item / Years	2021	2020	Difference	Change ratio (%)
Operating Revenue	11,202,972	7,649,087	3,553,885	46.5%
Gross Profit	1,210,552	70,722	1,139,930	1,661.7%
Operating Expenses	565,439	356,019	209,420	58.8%
Net Operating income	645,113	(285,297)	930,410	326.1%
Income before tax	1,004,568	(35,092)	1,039,660	2,962.7%
Net income	920,077	(40,115)	960,192	2,393.6%

III、Business Strategy

1. Sustainable Development
   The Management Team will continue paying close attention to ESG issues in

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

2. Product Research and Development

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

3. Production and Sales Management:

Fiber Division:

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

Chemicals Materials Division:

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

IV、Future Development Strategy

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

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

Appdendix 2.

2021 Parent Company Only Financial Statements and Independent Auditor's Report

Independent Auditors' Report

To： Zig Sheng Industrial Co., Ltd.

Opinion

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

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

Revenue recognition

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

For the accounting policies regarding revenue recognition, please refer to Note 4.31 of the Parent Company Only Financial Statements；For illustration to the revenue items, please refer to disclosure in Note 6.30 of the Parent Company Only Financial Statements.

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

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

Valuation of inventory

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 11, 2022

<u>*Notice to Readers*</u>

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

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

Zig Sheng Industrial Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

			31-Dec-21			31-Dec-20		
Code	Assets	Notes		Amount	%		Amount	%
11xx	Current Assets		$	4,876,474	45	$	3,022,198	34
1100	Cash and cash equivalents	6.1		41,148	-		39,298	-
1110	Financial assets at fair value through profit or loss – current	6.2		916,107	8		603,174	7
1150	Notes receivable, net	6.3		269,770	3		220,967	3
1160	Notes receivable - related parties	6.3,7		-	-		66	-
1170	Accounts receivable, net	6.4		1,283,292	12		961,459	11
1180	Accounts receivable - related parties	6.4,7		77,999	1		79,169	1
1200	Other receivables	6.5		7,511	-		27,521	-
1220	Income tax assets	6.37		4	-		9	-
1310	Inventories, net	6.6		2,233,256	21		1,071,942	12
1410	Prepayments	6.7		47,387	-		18,593	-
15xx	Noncurrent Assets			5,899,328	55		5,902,298	66
1517	Financial assets at fair value through other comprehensive income – noncurrent	6.8		246,998	2		208,709	3
1550	Investments accounted for using equity method	6.9		21,209	-		21,392	-
1600	Property, plant and equipment	6.10		4,715,038	44		4,735,873	53
1755	Right-of-use asset	6.11		74,045	1		77,962	1
1760	Investment properties, net	6.12		643,670	6		645,185	7
1780	Intangible assets	6.13		2,133	-		1,051	-
1840	Deferred income tax assets	6.37		75,895	1		128,793	2
1915	Prepayments for equipment			49,808	1		26,126	-
1920	Guarantee deposits paid	6.14		23,330	-		24,799	-
1990	Other noncurrent assets – other	6.15		47,202	-		32,408	-
1xxx	Total Assets		$	10,775,802	100	$	8,924,496	100
Code	Liabilities and Equity							
21xx	Current Liabilities		$	3,138,170	29	$	2,059,440	23
2100	Short-term loans	6.16		1,260,000	12		710,000	8
2110	Short-term notes and bills payable	6.17		499,845	4		449,934	5
2120	Financial liabilities at fair value through profit or loss – current	6.18		1,526	-		-	-
2130	Contractual liabilities – current	6.30		54,356	1		79,767	1
2150	Notes payable	6.19		217,877	2		106,683	1
2170	Accounts payable	6.19		624,041	6		371,254	5
2180	Accounts payable - related parties	7		82	-		195	-
2200	Other payables	6.20		408,719	4		303,651	3
2220	Other payables - related parties	7		70	-		4	-
2230	Current-period income tax liability	6.37		31,503	-		-	-
2250	Provisions - current	6.21		25,572	-		24,573	-
2280	Lease liabilities - current	6.11		12,975	-		12,446	-
2399	Other current liabilities – other	6.22		1,604	-		933	-
25xx	Noncurrent Liabilities			327,322	3		339,187	4
2570	Deferred income tax liabilities	6.37		137,395	1		137,395	2
2580	Lease liabilities - noncurrent	6.11		62,985	1		67,079	1
2640	Net defined benefit liability - noncurrent	6.23		103,778	1		111,549	1
2645	Guarantee deposits received	6.24		23,164	-		23,164	-
2xxx	Total Liabilities			3,465,492	32		2,398,627	27
31xx	Equity							
3100	Share capital	6.25		5,316,884	49		5,500,014	62
3110	Ordinary shares			5,316,884	49		5,500,014	62
3200	Capital surplus	6.26		398,835	4		492,157	6
3300	Retained earnings	6.27		1,534,694	14		668,136	7
3310	Legal reserve			249,476	2		249,476	3
3320	Special reserve			321,614	3		321,614	3
3350	Unappropriated retained earnings			963,604	9		97,046	1
3400	Other equity interest	6.28		59,897	1		26,138	-
3410	Exchange differences from translation of foreign operations		(	270)	-	(	219)	-
3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income			60,167	1		26,357	-
3500	Treasury shares	6.29		-	-	(	160,576)	(2)
3xxx	Total Equity			7,310,310	68		6,525,869	73
3x2x	Total Liabilities and Equity		$	10,775,802	100	$	8,924,496	100

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

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

In Thousands of New Taiwan Dollars

Code	Item	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue (Note 6.30)	$ 11,202,972	100	$ 7,649,087	100
5000	Operating costs (Note 6.6, 6.35)	(9,991,420)	(89)	(7,578,619)	(99)
5900	Gross profit (loss) from operations	1,211,552	11	70,468	1
5910	Unrealized sales benefit (Note 6.9)	(1,370)	-	(370)	-
5920	Realized sales benefit (Note 6.9)	370	-	624	-
5950	Gross profit from operations - net	1,210,552	11	70,722	1
6000	Operating expenses (Note 6.35)	(565,439)	(5)	(356,019)	(5)
6100	Selling expenses	(336,753)	(3)	(214,955)	(3)
6200	Administrative expenses	(169,953)	(1)	(85,731)	(1)
6300	Research and development expenses	(58,733)	(1)	(55,333)	(1)
6900	NET OPERATING INCOME (LOSS)	645,113	6	(285,297)	(4)
	Non-operating income and expenses				
7100	Interest income (Note 6.31)	16	-	38	-
7010	Other income (Note 6.32)	155,086	1	279,286	4
7020	Other gains and losses (Note 6.33)	222,629	2	(22,585)	-
7050	Finance costs (Note 6.34)	(19,144)	-	(11,592)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6.9)	868	-	5,058	-
7000	Total non-operating income and expenses	359,455	3	250,205	4
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,004,568	9	(35,092)	-
7950	INCOME TAX EXPENSE (Note 6.37)	(84,491)	(1)	(5,023)	-
8200	NET INCOME (LOSS)	920,077	8	(40,115)	-
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss：				
8316	Unrealized measurement gains or losses on equity instruments at FVTOCI (Note 6.8)	33,810	-	12,248	-
8311	Remeasurements of defined benefit liability (Note 6.23)	(438)	-	(589)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.37)	88	-	118	-
8310	Total items that will not be reclassified subsequently to profit or loss	33,460	-	11,777	-
	Items that may be reclassified subsequently to profit or loss： (Note 6.9)				
8381	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	(51)	-	435	-
8360	Total items that may be reclassified subsequently to profit or loss	(51)	-	435	-
8300	Total other comprehensive income (loss) for the year, net of income tax	33,409	-	12,212	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 953,486	8	($ 27,903)	-
	EARNINGS PER SHARE – ORDINARY SHARES (NT$) (Note 6.38)				
9750	Basic earnings (loss) per share	$ 1.73		($ 0.07)	
9850	Diluted earnings per share	$ 1.73			

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

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

In Thousands of New Taiwan Dollars

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

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

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

In Thousands of New Taiwan Dollars

Code	Item	2021	2020
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES：		
A00010	Profit (loss) from continuing operations before tax	$ 1,004,568	($ 35,092)
A20000	Adjustments：		
A20010	Income/gain or expense/loss items not affecting cash flows		
A20100	Depreciation expense (including depreciation of right-of-use assets and investment properties)	462,446	585,414
A20200	Amortization expense	27,137	28,019
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(62,183)	(70,570)
A20900	Interest expense	13,904	11,363
A21200	Interest income	(16)	(38)
A21300	Dividend income	(37,059)	(22,806)
A22400	Share of profits of subsidiaries, associates, and joint ventures under equity method	(868)	(5,058)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	33	1,145
A23100	Loss (gain) from disposal of investments	(190,076)	55,646
A23900	Unrealized sales benefit	1,370	370
A24000	Realized sales benefit	(370)	(624)
A29900	Gain from lease modifications	-	(39)
A20010	Total income/gain or expense/loss items not affecting cash flows	214,318	582,822
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(51,787)	(73,412)
A31130	Decrease (increase) in notes receivable	(48,803)	(26,493)
A31140	Decrease (increase) in notes receivable – related parties	66	(16)
A31150	Decrease (increase) in accounts receivable	(321,833)	(53,112)
A31160	Decrease (increase) in accounts receivable – related parties	1,170	17,450
A31180	Decrease (increase) in other receivables	10,453	(4,551)
A31200	Decrease (increase) in inventories	(1,175,296)	565,565
A31230	Decrease (increase) in prepayments	(28,794)	(2,601)
A32125	Increase (decrease) in contractual liabilities	(25,411)	(2,842)
A32130	Increase (decrease) in notes payable	111,194	5,110
A32150	Increase (decrease) in accounts payable	252,787	19,647
A32160	Increase (decrease) in accounts payable – related parties	(113)	(245)
A32180	Increase (decrease) in other payables	110,224	310
A32190	Increase (decrease) in other payables – related parties	66	(434)
A32200	Increase (decrease) in provisions	999	(590)
A32230	Increase (decrease) in other current liabilities - other	671	1
A32240	Increase (decrease) in net defined benefit liabilities	(8,209)	(8,634)
A30000	Total changes in operating assets and liabilities	(1,172,616)	435,153
A33000	Cash generated from operations	46,270	982,883
A33100	Interest received	16	40
A33200	Dividend received	37,059	22,806
A33300	Interest paid	(13,864)	(11,514)
A33500	Income taxes refunded (paid)	3	(2,046)
AAAA	Net cash flows from (used in) operating activities	69,484	992,169

(continue to next page)

(continue from previous page)

BBBB	CASH FLOWS FROM INVESTING ACTIVITIES：		
B00010	Acquisition of FVTOCI financial assets	(13,200)	-
B00030	Returned capital from FVTOCI financial assets	8,721	2,550
B02700	Acquisition of property, plant and equipment	(218,014)	(169,041)
B02800	Disposal of property, plant and equipment	407	207
B03700	Increase in refundable deposits paid	(11)	(18,647)
B03800	Decrease in refundable deposit paid	1,480	256
B04500	Acquisition of intangible assets	(907)	(76)
B05400	Acquisition of investment properties	(3,631)	-
B06600	Decrease in other financial assets	-	3,778
B06700	Increase in other noncurrent assets - other	(40,753)	(20,845)
B07100	Increase in prepayments for equipment	(220,202)	(109,888)
BBBB	Net cash flows from (used in) investing activities	(486,110)	(311,706)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES：(Note 6.36)		
C00100	Increase in short-term loans	12,136,870	7,577,632
C00200	Decrease in short-term loans	(11,586,870)	(8,051,632)
C00500	Increase in short-term notes and bills payable	4,380,000	1,900,000
C00600	Decrease in short-term notes and bills payable	(4,330,000)	(1,450,000)
C03000	Increase in deposits received	95	100
C03100	Decrease in deposits received	(95)	(600)
C04020	Lease principal repayments	(12,479)	(12,261)
C04500	Distribution of cash dividends	(159,507)	-
C04900	Cost for buying back treasury shares	(9,993)	(646,436)
C09900	Undrawn overdue dividends payable transferred to capital surplus	455	-
CCCC	Net cash flows from (used in) financing activities	418,476	(683,197)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,850	(2,734)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,298	42,032
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 41,148	$ 39,298
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	$ 41,148	$ 39,298

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

Appdendix 3.

2021 Consolidated Financial Statements and Independent Auditor's Report

Independent Auditors' Report

To : Zig Sheng Industrial Co., Ltd.

Opinion

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

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the related interpretations recognized and issued into effect by the Financial Supervisory Commission (together “IFRSs”).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

Revenue recognition

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

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

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

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

Valuation of inventory

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

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

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

Other matters – Parent Company Only Financial Statements

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether any material uncertainty exists in the events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financia1 Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Group. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 11, 2022

<u>*Notice to Readers*</u>

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

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

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

In Thousands of New Taiwan Dollars

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

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

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

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

In Thousands of New Taiwan Dollars

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

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

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

In Thousands of New Taiwan Dollars

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

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

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

In Thousands of New Taiwan Dollars

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

(continue to next page)

(continue from previous page)

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

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

Appendix 4.

Zig Sheng Industrial Co., Ltd.
Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company shall be incorporated as a company limited by shares under the Company Act and its name is Zig Sheng Industrial Co., Ltd.

Article 2 The scope of businesses of the company shall be as follows：

1. Various fibers、synthetic fibers、spinning and weaving of nylon filament、dyeing and finishing、textile printing、processing、trade export、bidding and agency business.
2. Entrust the construction company to develop the industrial zone approved by the competent industrial authority.
3. Commissioned construction manufacturers to build national residential and commercial buildings for rental and sale.
4. Bowling course, skating rink, golf driving range (less than five holes), amusement park (except gambling), swimming pool, tennis court, riding range, etc.
5. Production, sales and import and export business of fiber raw materials in petrochemical industry.
6. Production, sales, import and export business of polyester bottle and polyester film.

All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company is incorporated in Taoyuan city, the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Article 4 The Company may provide endorsements and guarantees to the external depending upon the business needs. The operation procedure thereof shall be handled according to the Endorsement and Guarantee Policies of the Company.

Article 4-1 The total investment amount of the Company may exceed forty percent of the paid-in capital by Board of Directors' resolution.

Chapter 2 Share Capital

Article 5 The Company's authorized capital is NTD 8 billion, which is divided into 800 million shares. Each share carries a face value of NTD 10, and the Board of Directors has been authorized to issue them in installments.

Article 6 For the shares issued by the Company, the printing of share certificates may be exempted; however, they shall be registered with the Centralized Securities Depository Enterprises.

Article 7 Registration of share transfer shall be closed within 60 days prior to Regular meeting of shareholders, or within 30 days prior to Special meeting of shareholders or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

Article 8 Shareholders' meeting shall be of the following two kinds:

1. Regular meeting of shareholders: shall be held once a year within 6 months of the end of the Company's financial year.
2. Special meeting of shareholders: to be held in accordance with the law.

A shareholders meeting shall, unless otherwise provided for in Company Act, be convened by the Board of Directors.

Article 8-1 30 days prior to the convention of the Regular meeting of shareholders, and 15 days prior to the convention of the Special meeting of shareholders, a notice indicating the date, location of the meeting and the reason of convention shall be issued to each shareholder in writing or may be informed via electronic method upon the consent of the counterparty; provided that for shareholders with the holding of less than 1,000 shares, announcement method may be adopted.

Article 8-2 Deleted.

Article 9 Unless otherwise stipulated by the Company Act and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's Meeting Rules of Shareholders.

Article 10 Except when otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 11 If a shareholder is unable to attend a meeting, the shareholder may, in accordance with the Article 177 of the Company Act, the company shall issue a power of attorney issued by the company, statingthe scope of the authorization, and entrust the agent to attend.

Article 11-1 Each share of stock owned by shareholders shall be entitled for one vote, except for those shares without voting rights as set forth in Article 179, paragraph 2 of the Company Act.

When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 12 Resolutions made in a shareholders' meeting shall be recorded in the meeting minutes and shall be prepared, preserved and issued to all shareholders according to Article 183 of the Company Act.

Chapter 4 Directors、Audit Committee and Managerial Personnel

Article 13 The Company shall have ten to thirteen directors (including three independent directors), the list of candidates for a term of 3 years and may be re-elected. The total number of registered shares held by all of the directors shall not be less than the percentage specified by the competent authority according to the laws.

Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates.

The election of Independent and non-Independent Directors should be held together. Moreover, in order to ensure the election of at least two Independent Directors of each election, the Independent and non-Independent Directors elected should be calculated separately.

Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of Independent Directors, is responsible of executing powers relegated to supervisors by the Company Act, and other laws and regulations. The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.

Article 14 When the number of vacancies of directors reaches one third of the total number of directors or when all of the independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days to fill the vacancies, and the term of office thereof shall be limited to fulfill the unexposed term of office of the predecessor.

Article 15 Deleted.

Article 16 The Board of Directors organizing the Board of Directors' meeting shall exercise the authorities of the directors according to the laws, and shall be attended by more than two-thirds of the directors along with the consents of the majority of the attending directors in order to elect a Chairman among the directors, the Chairman for the execution of all Company's businesses, and shall externally represent the company.

Article 17 Unless otherwise stipulated by the Company Act and the Articles of Incorporation, the board of directors' meeting shall be conducted in accordance with the Company's regulations for the Board of Directors' meeting.

Article 18 Unless otherwise provided in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the Directors at a meeting attended by a majority of the Directors.
If the Director is unable to attend the Directors' meeting, may authorize another director to act on behalf in a Board meeting, but such authorization is limited to one person only.

Article 19 Resolutions made in the Board of Directors' meeting shall be recorded in the meeting minutes and shall be prepared, preserved and issued to all Directors according to Article 207 of the Company Act.

Article 20 Deleted.

Article 21 Regardless of the profit or loss, the company will pay the director's travel expenses of NT $10000 per person on a monthly basis.

Article 22 If a director of this company holds a position in the company, in addition to distributing the remuneration to the director in accordance with the articles of association, he may be paid monthly salary according to the level of a class of managers.

Article 23 This corporation may employ accountants and lawyers as consultants according to the needs of its business, and the appointment, removal and remuneration of such consultants shall be submitted to the board of directors for approval.

Article 23-1 The Company may have one or more managerial personnel; appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Article 23-2 The Company shall take out liability insurance for Directors and officers with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

Chapter 5 Accounting

Article 24 The accounting fiscal year of the Company shall start from January 1 to December 31, and settlement shall be performed at the end of each fiscal year.

For the settlement of the Company, the Board of Directors shall prepare the business report, financial statement and proposal on distribution of surplus earnings or loss of-setting according to the Company Act, and shall submit to the Audit Committee for auditing thirty days prior to the convention of ordinary shareholders' meeting, in order to issue a report for submission to the shareholders' meeting for approval.

Article 25 The distribution of shareholders' dividend shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions of the Company Act.

The board of directors measures the capital demand in the future year, and comprehensively considers the profit status, financial structure and the degree of dilution of earnings per share, and formulates an appropriate proportion of cash and stock dividends. The proposal is submitted to the shareholders' meeting for approval.

Article 26 2% of profit of the current year should be distributed as employees' compensation and not more than 3% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered.

The distribution of employee bonus shall be adopted by the Directors present at the Board meeting before being reported to the shareholders' meeting.

The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by compensation committee, and a report of such distribution shall be submitted to the shareholders' meeting.

Article 26-1 If the company's year-end final accounts have a surplus, in addition to the income tax in accordance with the law, the losses should be made up first, and 10% is the statutory surplus reserve. In addition, according to the provisions of the competent authority, the special reserve shall be transferred or renewed, and the surplus shall not be distributed in the same year. Each year, the board of directors proposes to distribute the proposal and submit it to the shareholders' meeting for resolution.

Chapter 6 Supplementary Provisions

Article 27 All matters not covered herein shall be undertaken in accordance with the Company Act of the Republic of China and the other relevant law and regulations.

Article 28 These Articles of Incorporation were established on July 31, 1969.

The first	amendment was made on August 7, 1972.
The second	amendment was made on May 14, 1974.
The third	amendment was made on October 19, 1977.
The fourth	amendment was made on March 24, 1981.
The fifth	amendment was made on October 11, 1983.
The sixth	amendment was made on August 10, 1984.
The seventh	amendment was made on August 17, 1987.

The eighth	amendment was made on January 21, 1991.
The ninth	amendment was made on May 23, 1991.
The tenth	amendment was made on April 10, 1992.
The eleventh	amendment was made on December 5, 1992.
The twelfth	amendment was made on May 2, 1994.
The thirteenth	amendment was made on April 17, 1995.
The fourteenth	amendment was made on September 23, 1996.
The fifteenth	amendment was made on April 26, 1997.
The sixteenth	amendment was made on April 28, 1998.
The seventeenth	amendment was made on May 22, 2000.
The eighteenth	amendment was made on June 13, 2001.
The nineteenth	amendment was made on June 12, 2002.
The twentieth	amendment was made on May 27, 2004.
The twenty-first	amendment was made on June 10, 2005.
The twenty-second	amendment was made on June 14, 2006.
The twenty-third	amendment was made on June 14, 2010.
The twenty-fourth	amendment was made on June 10, 2011.
The twenty-fifth	amendment was made on June 6, 2012.
The twenty-sixth	amendment was made on June 15, 2015.
The twenty-seventh	amendment was made on June 27, 2016.
The twenty-eighth	amendment was made on June 11, 2018.
The twenty-ninth	amendment was made on June 22, 2020.

Appendix 5.

Meeting Rules of Shareholders for Zig Sheng Industrial Co., Ltd.

Approved by the Shareholders' Meeting on June 24, 2019

Article 1 The shareholders' meeting of the Company shall be held according to the rules herein.

Article 2 The term "shareholder" in these Rules refers to the shareholder himself and the agent entrusted by the shareholder.

Article 3 The location for shareholders' meeting shall be the Company's place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

The Company shall announce, before the book closure date of the annual general meeting, the conditions, places, and time within which shareholders proposals are accepted. The timing of acceptance must not be less than ten (10) days.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item to 300 words only, and no proposal containing more than one item or more than 300 words will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

The Company shall notify each proposing shareholder of the outcomes of their proposed motions before the date when the meeting advice is sent. Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting advice. During the shareholders' meeting, the Board of Directors shall explain the reasons why certain proposed motions are excluded from the discussion

Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

When convening shareholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.

Shareholders attending the meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose.

Attending shareholders are required to wear conference passes and present attendance cards as proof of attendance.

Number of shareholders in attendance shall be calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.

Article 4 The Company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 5 For a shareholders' meeting convened by the Board of Directors, the chairman of the Board of Directors shall preside at the meeting. If the chairman of the Board of Directors is on leave or unable to exert the rights, the chairman of the Board of Directors shall designate a Director to preside at the meeting. If no Director is so designated, the chairman of the meeting shall be elected by the Board of Directors from among themselves. If a Director presides at the meeting including the representative of an institutional director, shall be appointed at least 6 months and familiar with the financial performance and operations of the Company.

For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 6 The chairperson should announce commencement of meeting as soon as it is due. However, if current attendants represent less than half of the company's outstanding shares, the chairperson may announce the postponement of the meeting up to two times, for a period totaling no more than one hour. If attending shareholders represent more than one-third but less than half of the outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act.

After the adoption of the tentative resolution in the preceding paragraph, if the number of shares represented total no more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

Article 7 If the shareholder's meeting is convened by the Board of Directors, the Board of Directors will determine the meeting proceedings. The proceedings cannot be changed unless resolved during the shareholders meeting.

The above rule shall apply similarly to shareholders' meetings that are convened by any authorized party other than the Board of Directors. In either of the two arrangements described above, the chairperson cannot dismiss the meeting while a motion (including extraordinary motions) is still in progress. If the chairperson violates the meeting policy by dismissing the meeting when they are not allowed to do so, attending shareholders may elect another chairperson with the support of more than half of the voting rights represented on-site to continue the meeting.

Once the meeting has been dismissed, shareholders shall not elect to continue the meeting with another chairperson or at a different venue except for the circumstances mentioned above.

Article 8 When a shareholder proposes a proposal or proposes an amendment or replacement to the original motion at the meeting, except for the temporary motion, it shall be seconded by other shareholders. The shares represented by the proposer and the seconder shall reach five thousandths of the voting rights of the company's issued shares.

Article 9 Before speaking, an attending shareholder must specify on a speaker’ slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker’s slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker’s slip, the spoken content shall prevail.

Article 10 When a shareholder inquires about the items to be reported on the agenda, he shall not speak until all the reported items have been read out by the chairman or his designated person or after the report has been completed. Each person shall not speak more than two times and each time shall not exceed five minutes. The time required for the shareholders to discuss the matters on the agenda, the number of times for the shareholders to speak on the agenda, and the permitted procedures for putting forward the motions.

If a legal person is entrusted to attend the shareholders' meeting, it may appoint only one representative to attend the meeting. When a legal person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

If a shareholder's speech exceeds the time limit, exceeds the time limit, or exceeds the scope of the topic, the chairman may stop the shareholder from speaking. If he does not stop speaking, or there is any other matter impeding the proceedings, the chairman may direct the picket (or security officer) to deal with the matters necessary to maintain the order of the meeting or the smooth progress of the meeting.

When the shareholders present speak, other shareholders shall not interfere with their speeches except with the consent of the chairman and the speaking shareholders. The chairman shall stop the violation and take necessary measures according to the provisions of the preceding paragraph.

Article 11 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

The chairman may, at an appropriate time, announce the conclusion of the discussion on a motion and, if necessary, suspend the discussion and put it to a vote. If it is not a motion, it will not be discussed or voted on.

Article 12 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders attending the meeting.

The proposal for a resolution shall be deemed approved if no objection raised by shareholders via electronic vote casting, and the Chairperson inquires and receives no objection from shareholders in attendance. The validity of such approval has the same effect as if the resolution has been put to vote.

Should objection of a proposal be raised, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately.

Whichever way of the voting procedures shall be decided by the Chairperson If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected and need no further vote.

Article 13 When the motion is put to the vote, the chairman shall appoint two scrutineers and several counting officers to perform all relevant duties, but the scrutineers shall have the status of shareholders.

Voting of motions or counting of votes for election motions shall be conducted in a public place in the shareholders' meeting. All motions shall be voted without a call of votes.

The results of the voting and election shall be announced on the spot after the counting of votes and shall be recorded.

Article 14 The attendance and voting at a shareholders meeting shall be calculated based the number of shares, so it is not easy to count the number of people. Therefore, if a shareholder proposes to count the number of shareholders, the chairman may not accept it. When the subsequent motion is put to vote, if the quorum of shares is reached, the motion will still be passed.

Article 15 The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company.

Article 16 In the course of the meeting, the chairman may announce a break at his discretion. If a meeting fails to complete the business, it may be postponed or continued in accordance with Article 182 of the Company Act.

Article 17 In the event of major disasters or force majeure during the meeting, the chairman may order the suspension or suspension of the meeting and announce the continuation time as the case may be.

Article 18 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, the recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

The attendance card of the shareholders attending the meeting and the power of attorney of the proxy shall be kept in the company for at least one year. The minutes of the meeting shall be made and distributed to all shareholders within 20 days after the meeting. The minutes shall be kept permanently in the company.

The minutes of the shareholders' meeting held less than 1000 shares may be distributed by public announcement.

Article 19 Matters not specified in these rules of procedure shall be handled in accordance with the chairman's discretion unless otherwise prescribed by law or articles of association. If the shareholders still have any objection, they shall be dealt with in accordance with the applicable legal procedures, and shall not hinder or interfere with the proceeding of the proceedings.

Article 20 The rules herein take effect after approval at the shareholders' meeting, the same apply for any amendments.

Appendix 6.

The "Procedures for Election of Directors" of the Company

Approved by the shareholders' meeting on Jul 23, 2021

Article 1 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The election votes shall be printed by the board of directors, numbered according to the names of shareholders and marked with their voting rights, which shall be attached to the agenda and distributed to all shareholders.

Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

Article 3 The directors of the company shall be elected in accordance with the number of persons to be elected in accordance with the articles of association, and the number of directors shall be based on the requirements specified in the Company's articles of incorporation. The voting rights of independent directors and non-independent directors shall be counted separately, and the candidates receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the number of seats specified, those candidates receiving the same number of votes shall draw lots to determine the winner, and in the event that any one of such candidates is absent, the chair shall draw lots on behalf of such candidate.

Article 4 The voting rights shall be calculated according to the votes casted by the shareholders plus the number of votes of the voting rights exercised in writing or via electronic method.

Article 5 The qualifications, independence conditions and other matters of the company's independent directors shall comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and other relevant laws and regulations.

(The following is left blank and the contents of the original article are deleted.)

Article 6 Before the beginning of the election, the chairman shall appoint two scrutineers and two vote tellers to carry out the relevant posts. The scrutineer shall have the status of shareholders.
The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 7 (The original clause is deleted)
(Clause 9 to Clause 7)

Voting boxes shall be set up for the election of directors and independent directors. After voting separately, the ballot boxes shall be opened jointly by the scrutineer and the teller, the voting rights shall be calculated on site immediately.

Article 8 The ballot shall be considered invalid in any of the following situations:
(1) The ballot was not prepared by a person with the right to convene.
(2) A blank ballot is placed in the ballot box.
(3) The writing is unclear and indecipherable or has been altered.
(4) The candidate whose name is entered in the ballot does not conform to the director candidate list.
(5) Other words or marks are entered in addition to the number of voting rights allotted.

Article 9 (This clause is moved to Article 7)
(Clause 9 is deleted as amended)

Article 10 If there is any question about the ballot, the scrutineer shall check whether it is invalid. The invalid ballots shall be collected and kept separately. The scrutineer shall designate them as the invalid with signature and seal after ballot counting.

Article 11 For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected, it includes the list of directors and independent directors and their election rights, as well as the list of directors who have lost the election and the number of directors who have obtained the right to vote.

The electoral votes for the election matters referred to in the preceding paragraph shall be sealed and signed by the scrutineer and properly kept at least one year. However, if the shareholders file a lawsuit in accordance with Article 189 of the company law , thay shall be kept until the end of the lawsuit.

Article 12 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 7.

Current Shareholdings of Directors

1. According to Article 26 of the Securities and Exchange Act and in accordance with「Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies」, the shareholding of all Directors shall not be less than 4%, and that of Supervisors shall not be less than 0.4%.

   If two or more Independent Directors are selected, the shareholding ratio of all Directors and Supervisors other than Independent Directors calculated according to the ratio mentioned in the preceding paragraph shall be reduced to 80%, according to the provisions of the preceding paragraph, the minimum shareholding of all Directors of the Company shall be 17,014,028 shares.

   On April 10, 2022 (the date when the Shareholders' Meeting stopped the transfer), the paid in share capital of the Company was 531,688,380 shares.

2. As of the closing date of the Shareholders' Meeting, the number of shares held by individual and all directors recorded in the shareholders' register is as follows: the number of shares held by the directors has met the requirement of Article 26 of the "Securities and Exchange Act".

Title	Name of persons or companies	Shareholdings	Ratio of Shareholding
Directors	YEH,SOU-TSUN	19,692,945	3.70 %
	SU,PAT-HUANG	27,160,455	5.11 %
	SU,PO-CHEN	2,523,902	0.47 %
	SU,EN-PING	759,000	0.14 %
	YEH,TSUNG-HAO	12,492,312	2.35 %
	LIANG,LONG-SHIANG	145,468	0.03 %
	YI SHENG INVESTMENT CO., LTD.	52,783,760	9.93 %
Independent Directors	OU,YU-LUN	0	0.00 %
	YU,NENG-YUAN	0	0.00 %
	LIN,KO-WU	0	0.00 %
Total shareholding of all Directors		115,557,842	21.73 %

IX. Other Matters to be Explained

In this Annual Meeting of Shareholders, the handling instructions of Shareholder's proposal are as follows:

Explanation:

1. According to article 172-1 of the Company Act, shareholders holding more than 1% of the total number of shares issued by the Company shall submit a motion in writing to the Company for the Regular Meeting of Shareholders. The proposal shall be limited to one proposal and shall be limited to 300 words (including punctuation marks). If the proposal exceeds one or more than 300 words, it shall not be included in the motion.

2. The period of accepting Shareholder's proposal in this Shareholders' Meeting is from April 1, 2022 to April 11, 2022, and has been announced in the “Market Observation Post System” (MOPS) according to law.

3. During the period of shareholder's proposal, the Company has not received any proposal from any shareholder.