



MINUTES OF 2024 ANNUAL MEETING OF SHAREHOLDERS

(Translation)

Time : 9:00 a.m., Thursday, June 6, 2024

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

Meeting Mode : Physicals Shareholders Meeting

Total shares represented by the Shareholders present in person or by proxy :
302,930,134 shares (including votes casted electronically : 21,110,069 shares)

Total outstanding shares : 531,688,380 shares

Percentage of shares held by Shareholders present in person or by proxy : 56.97 %.

The attendance list of the Directors : Yeh, Sou-Tsun Su, Pat-Huang Yeh, Tsung-Hao
 Hung, Jui-Ting Yi Sheng Investment Co., Ltd.
 Ou, Yu-Lun Lin, Ko-Wu

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

Chairman : Yeh, Sou-Tsun

Recorder : Yen, Chung-Tzu

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

As of 9:00 a.m., the number of shares attended: 302,930,134 shares

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

II 、 Chairman takes chair and remarks : (omitted)

The Annual Meeting of Shareholders officially began.

III 、 Report Items

1. 2023 Business Report (as Attachment 1)
2. Audit Committee's Review Report of the 2023 Financial Statements (as Attachment 2)
3. Report on Execution of Employees' Profit Sharing Bonus and Board of Directors' Compensation for the Year 2023 (as Attachment 3)

IV 、 Approval Items

Proposal 1

Proposal : To approve 2023 Business Report and Financial Statements of the Company.

- Explanation** :
1. The 2023 "Parent Company Only Financial Statements" and the "Consolidated Financial Statements" of the Company had been audited by Crowe(TW) CPAs' CPA Lin, Chin-Lung and Hsiao, Ying-Chia, and the Audit Committee has examined and completed together with the Business Report, and issued the report for record.
 2. Enclose the following data:
 - (1) Business Report (as Attachment 1)
 - (2) Parent Company Only Financial Statements (as Attachment 4)
 - (3) Consolidated Financial Statement (as Attachment 5)
 3. Submitted for approval.

Resolution : No questions raised by the shareholders. The above proposal was hereby approved as proposed.
 Voting results:
 Shares represented at the time of voting : 302,930,134 votes

Voting Results		% of the total represented share present
Votes in favor: (Including Electronic voting	290, 997, 880 9, 177, 815)	96. 06 %
Votes against :	556, 588	0. 18 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	11, 375, 666	3. 75 %

Proposal 2

Proposal : To approve the proposal for 2023 Deficit Compensation.

Explanation :

1. The Company's net loss after tax for 2023 is NT\$240,155,855 , which is determined in addition, the amount of remeasurement of defined benefit plan recognized in retained earnings is NT\$1,357,644, and the write-off disposal Loss on disposal equity instrument through other comprehensive gain and loss measured by fair value transferred to retained earnings directly is NT\$3,318,536, the sum of net loss after tax plus other items of net loss after tax in current year is NT\$242,116,747.
2. The proposal of Deficit Compensation for 2023 (as below)
 - (1) The undistributed surplus of previous years will first be used to make up for the losses listed above, and any shortfall will be used as legal reserve, after making up the losses, the amount of losses to be made up at the end of the period is 0.
 - (2) The Company will not distribute surplus in 2023.
3. This proposal was passed by the 10th meeting of the 19th session of the Board of Director of the Company, and submitted to the Shareholders’s meeting for approval.
4. Submitted for approval

Resolution : No questions raised by the shareholders. The above proposal was hereby approved as proposed.
 Voting results:
 Shares represented at the time of voting : 302,930,134 votes

Voting Results		% of the total represented share present
Votes in favor: (Including Electronic voting	291, 413, 900 9, 593, 835)	96. 19 %
Votes against :	602, 264	0. 19 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	10, 913, 970	3. 60 %

Zig Sheng Industrial Co., Ltd.
2023 Deficit Compensation Statement

Unit : NT\$

Item	Amount	
Unappropriated Earnings at beginning of period		169,079,311
Net Loss of 2023	(240,155,855)	
Add: Remeasurement of Defined Benefit Plan recognized in Retained Earnings	1,357,644	
Less: Loss on Disposal Equity Instrument Through Other Comprehensive Gain and Loss Measured by Fair Value Transferred to Retained Earnings directly	(3,318,536)	
Sum of Net Loss After Tax Plus Other Items of Net Loss After Tax in Current Year		
Retained Earnings in Current Year		(242,116,747)
Losses to Be Made Up in Current Year		(73,037,436)
Items for Compensating Deficit :		
Losses Made Up by Legal Reserve		73,037,436
Deficit yet to be Compensated – at the End of 2023		0

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

V 、 Discussion Items

Proposal 1

Proposal : Amendment to the “Articles of Incorporation”, submit for discussion.

- Explanation :
1. Pursuant to the business requirement and legal revisions, the Company proposes to amend parts of the provisions of the “Articles of Incorporation” : Article 13, Article 26-1 and Article 28.
 2. The Articles of Incorporation of the Company are amended as follows:
 - (1)Article 13 : The number of directors will be reduced from 10~13 to 9 (including 3 Independent Directors remaining unchanged).
 - (2)Article 26-1 : If the Company distributes Surplus or distributes Surplus Reserves in cash to Shareholders, it authorizes the Board of Directors to pass a special resolution and submit it to the Shareholders' Meeting.
 3. Please see attached a comparison table of the provisions before and after the amendments of the "Articles of Incorporation" as follows (please refer to Attachment 6) .
 4. Please discuss.

Resolution : No questions raised by the shareholders. The above proposal was hereby approved as proposed.

Voting results:

Shares represented at the time of voting : 302,930,134 votes

Voting Results		% of the total represented share present
Votes in favor: (Including Electronic voting	288, 158, 827 6, 338, 762)	95. 12 %
Votes against :	3, 960, 973	1. 30 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	10, 810, 334	3. 56 %

Proposal 2

Proposal : Amendment to the “ Procedures for Governing the Acquisition and Disposal of Assets” of the Company, submit for discussion.

- Explanation :**
- 1 According to the regulations promulgated by the Financial Supervisory Commission, we revise some provisions of the Company’s " Procedures for Governing the Acquisition and Disposal of Assets ".
 - 2 Please see attached a comparison table of the provisions before and after amendment of the " Procedures for Governing the Acquisition and Disposal of Assets " as follows: (please refer to Attachment 7) .
 - 3 Please discuss.

Resolution : No questions raised by the shareholders. The above proposal was hereby approved as proposed.

Voting results:

Shares represented at the time of voting : 302,930,134 votes

Voting Results		% of the total represented share present
Votes in favor: (Including Electronic voting	291, 568, 750 9, 748, 685)	96. 24 %
Votes against :	560, 050	0. 18 %
Votes invalid :	0	0. 00 %
Votes abstained/no votes :	10, 801, 334	3. 56 %

VI 、 Extemporary Motion : None

VII 、 Meeting Adjourned : The Chairman adjourned the Meeting at 9:30 a.m.

Attachment 1 2023 Business Report

1. 2023 Business Report (as follows)
2. As of December 31, 2023, the Company did not endorse and guarantee any enterprise, nor did it lend funds to shareholders or any other person.

ZIG SHENG INDUSTRIAL CO., LTD. 2023 Business Report

I . Introduction

Looking back on 2023, severe changes occurred in the global economy and many countries were facing challenges. In order to control inflation, the U. S. and Europe continued to raise interest rates. That was harmful for investment opportunities for businesses. In addition to the high interest rates, increasing energy prices made the world to an era of high inflation, high interest rates, high costs, and low growth. Tensions between the U. S. and China, Russia invasion of Ukraine, and conflicts between Israel and Palestine affected global economic uncertainty, leading to weakened economic conditions.

High inflation and low growth caused a gloomy demand for textile and plastic industry. Additionally, China's continued expansion of production and dumping have resulted in contraction of demand, and brand owners becoming more cautious. In response to market changes, our company has fulfilled flexible production strategy in 2023 to secure the balance of production and sales.

Addressing the ESG trend, all textile products are required to implement sustainable and circular strategies. Our company has collaborated with our customers closely, integrated up-middle-downstream supply chain partners to develop fashion, function, and environmental-friendly products. Those efforts can meet customers' needs for environmental sustainability and continuous growth.

II . Business Performance

The global economic downturn and sluggish demand in markets had great effects on overall operations in 2023. Compared to 2022, revenue decreased by 17%, total amount to NT\$7.7 billion. Utilization rates continued to decline, leading to increased losses from production cuts. This resulted in net operating loss was NT\$511 million, and net operating loss before tax was NT\$301 million. The ratio of liabilities to assets: 38.8%, net value per share was NT\$11.9 and overall financial structure remains strong and stable.

Unit : NT\$ thousand

Item (Parent Company Only)	2023	2022	Increase (Decrease) Amount	Change Ratio %
Operating Revenue	7,725,525	9,276,122	(1,550,597)	(16.7%)
Gross Profit (Loss)	(154,025)	198,687	(352,712)	(177.5%)
Operating Expenses	257,964	448,921	(90,957)	(20.3%)
Net Operating Income (Loss)	(511,989)	(250,234)	(261,755)	(104.2%)
Income (Loss) Before Tax	(301,958)	(286,192)	(15,766)	(5.5%)
Net Income (Loss)	(240,156)	(281,794)	41,638	14.8%

Financial Analysis (Parent Company Only)	2023	2022
Liabilities to Assets Ratio (%)	38.82	28.23
Current Ratio (%)	163.18	148.74
Quick Ratio (%)	89.84	66.87
Days Sales Outstanding (Days)	52	49
Gross Margin Ratio (%)	(1.99)	2.14
Net Value Per Share (NTD / Share)	11.9	12.4

III. Operating Strategy

1. Sustainable Development

In response to climate change, countries around the world are engaging in net-zero emissions initiatives. Under “Net-Zero Emissions in 2050” trend, domestic industries are facing pressure to upgrade and transform their energy and industrial practices.

In recent years, our company has established and adopted strategies to achieve goals, including process improvement, energy transition, and circular economy. In 2023, we had continued to update high-efficiency energy-saving equipment. The power-saving can be estimated to 2.7 million kwh yearly. By 2023, we have installed solar powerplants with capacity of 3,368 KW and are transitioning to low-carbon energy by natural gas instead of coal, estimated to reduce carbon emissions by 3,844 tons per year. Additionally, we are dedicated to developing circular economy, expanding the production of environmental-friendly recycled products, increasing the proportion of green products, and enhancing our sustainable competitiveness.

Our company values corporate governance. We have made a lot of progress in many issues, such as protecting shareholder rights, empowering the board of directors, enhancing information transparency, and promoting sustainable development. According to the Corporate Governance Evaluation, released by the Taiwan Stock Exchange (the TWSE), ZIG SHENG’s ranking improved from range 36%-50% to range 21%-35% in 2023.

2. Product Research and Development

For our midterm and long-term strategy of product development, mainly focus on high value-added fiber products and environmental-friendly concepts in order to serve our customers. We are developing fashion, function, and environmental-friendly

products to meet trends; we also optimize various products such as recycled nylon yarn, recycled nylon fishing net yarn, and recycled greige yarn to make ZIG SHENG more profitable.

For Chemical Material Business Division, the new nylon 66 polymer plant was successfully launched by the end of year 2023, with testing and sales of engineering plastics initiated. In the second half of 2024, we will strengthen the development of modified specifications for nylon 66-related engineering plastics and obtain UL safety certification to expand product diversity, thereby enhancing the competitiveness of high-performance products in domestic and international markets.

3. Production and Sales Management:

Fiber Division

Due to inventory digestion by brand owners during the pandemic, we experienced sluggish orders in 2023. In the meantime, pressures from industry competition, inventory digestion, and low utilization rates, those caused to losses.

Looking forward to 2024, the Fiber Business Division aims to stabilize production with consistent quality. Besides this, we focus on environmental protection, carbon reduction, abundant texture, and selling all of what we produced. Additionally, we take advantage of upstream and downstream integration of nylon and polyester, balance internal coordination, improve machine utilization rates, select high-margin specifications, and enhance profitability to benefit company's operations.

Chemicals Materials Division

In terms of export markets, PA6 chips keep a leading position in Northeast Asian market, and have successfully expanded into the Vietnamese market and the carpet market in the U.S.

Sales of engineering plastics have impacted in both domestic and foreign markets in 2023 because of the wars and inflation. Demands in bicycles, sports equipment, hand tools, and consumer electronics were declined sharply. However, there were signs of gradual recovery in the Americas and Australia-New Zealand regions in the second half of 2023.

2024 is still affected by inflation and rising energy costs, the economy situation looks not optimistic enough. However, our company has implemented lean production and improvement in 2023, along with the successful operation of the new nylon 66 polymer plant then we will focus on the sales of industrial fibers combined with clothing materials, as well as high-margin competitive products, to boost overall revenue.

IV. Future Prospects

Starting from 2024, although global inflation has eased and major countries have reached the end of raising interest rate, the challenges of high interest rates in the U. S. and the gloomy economy in China, as well as geopolitical risks, will continue to affect global economic growth. Our company plans to put effective strategies in to practice, including:

1. Optimize product combination: Increasing the range of eco-friendly recycled products and specific products to offer environmental-friendly, function, and fashion products to enhance profitability.
2. Strengthen development with upstream and downstream partners: ZIG SHENG has solid technical capabilities in the fiber materials fields. Moreover, the clustering advantages of Taiwan's upstream, midstream, and downstream industries, rapid development, flexibility, and swift information exchange. These factors make us to be the most important partner for global sports brands.
3. Lean production: Adjusting production and sales in response to raw material supply and market conditions, integrating various product lines to make the best of production efficiency, balancing production and sales, and increasing company

profitability.

These days, the utilization rate of DTY machines has reached full capacity, and the utilization rates of nylon chips, nylon yarn, and nylon compound have also increased, indicating that operations have recovered from downturns. The new nylon 66 polymer plant was successfully launched by the end of 2023, and performance is expected to be more optimistic in 2024.

Attachment 2 Audit Committee's Review Report

Zig Sheng Industrial Co., Ltd. Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the "Consolidated Financial Statements" and "Parent Company Only Financial Statements" of year 2023, 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 2024 Annual Meeting of Shareholders of Zig Sheng Industrial Co., Ltd.

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

Date : March 8, 2024

Attachment 3

Report on Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2023

Explanation :

1. According to the provisions of Article 26 of the Articles of Incorporation of the Company,
【2% of profit of the current year should be distributed as Employees' compensation and not more than 3% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year, the distribution of Employee bonus shall be adopted by the Directors present at the Board Meeting before being reported to the Shareholders' Meeting.】
2. Due to the pre-tax loss in 2023, the Remuneration of Employees and Directors will not be distributed.
This proposal has been approved by all Directors present at the 10th Meeting of the 19th session Board of Directors of the Company.

Independent Auditors' Report

To: Zig Sheng Industrial Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue recognition

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

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

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

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

Valuation of inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

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

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
11xx	Current Assets	\$ 4,061,819	40	\$ 3,429,253	37
1100	Cash and cash equivalents (Note 6.1)	120,678	1	59,634	1
1110	Financial assets at FVTPL – current (Note 6.2)	721,420	7	585,649	6
1150	Notes receivable, net (Note 6.3)	102,957	1	128,376	1
1170	Accounts receivable, net (Note 6.4)	1,217,162	12	644,520	7
1180	Accounts receivable - related parties (Note 6.4,7)	40,910	1	66,779	1
1200	Other receivables (Note 6.5)	10,877	-	2,040	-
1220	Current-period income tax assets (Note 6.38)	25	-	3	-
1310	Inventories, net (Note 6.6)	1,783,595	17	1,869,307	20
1410	Prepayments (Note 6.7)	41,967	1	18,155	-
1479	Other current assets - other (Note 6.8)	22,228	-	54,790	1
15xx	Noncurrent Assets	6,246,689	60	5,752,213	63
1517	Financial assets at FVTOCI – noncurrent (Note 6.9)	180,826	2	195,288	2
1550	Investments accounted for using equity method (Note 6.10)	26,816	-	21,589	-
1600	Property, plant and equipment (Note 6.11)	4,757,528	46	4,547,680	50
1755	Right-of-use assets (Note 6.12)	109,730	1	63,080	1
1760	Investment properties, net (Note 6.13)	830,491	8	694,580	7
1780	Intangible assets (Note 6.14)	4,301	-	3,683	-
1840	Deferred income tax assets (Note 6.38)	140,159	1	78,825	1
1915	Prepayments for equipment	131,608	1	74,901	1
1920	Refundable deposits (Note 6.15)	18,296	-	22,830	-
1990	Other noncurrent assets – other (Note 6.16)	46,934	1	49,757	1
1xxx	Total Assets	\$ 10,308,508	100	\$ 9,181,466	100
Code	Liabilities and Equity				
21xx	Current Liabilities	\$ 2,489,172	24	\$ 2,305,570	25
2100	Short-term borrowings (Note 6.17)	910,000	9	1,479,900	16
2110	Short-term notes and bills payable (Note 6.18)	579,909	6	49,963	1
2120	Financial liabilities at FVTPL – current (Note 6.19)	384	-	-	-
2130	Contractual liabilities – current (Note 6.31)	31,223	-	75,407	1
2150	Notes payable (Note 6.20)	174,111	2	166,516	2
2170	Accounts payable (Note 6.20)	466,950	4	217,119	2
2180	Accounts payable - related parties (Note 7)	126	-	39	-
2200	Other payables (Note 6.21)	281,707	3	273,259	3
2220	Other payables - related parties (Note 7)	64	-	99	-
2250	Provisions - current (Note 6.22)	28,988	-	27,905	-
2280	Lease liabilities - current (Note 6.12)	12,264	-	13,391	-
2399	Other current liabilities – other (Note 6.23)	3,446	-	1,972	-
25xx	Noncurrent Liabilities	1,512,980	15	286,524	3
2540	Long-term borrowings (Note 6.24)	1,200,000	12	-	-
2570	Deferred income tax liabilities (Note 6.38)	137,395	1	137,524	1
2580	Lease liabilities - noncurrent (Note 6.12)	100,367	1	51,837	1
2640	Net defined benefit liability - noncurrent (Note 6.25)	57,808	1	73,869	1
2645	Guarantee deposits received (Note 6.26)	17,410	-	23,294	-
2xxx	Total Liabilities	4,002,152	39	2,592,094	28
31xx	Equity				
3100	Share capital (Note 6.27)	5,316,884	52	5,316,884	58
3110	Common shares	5,316,884	52	5,316,884	58
3200	Capital surplus (Note 6.28)	346,343	3	399,133	4
3300	Retained earnings (Note 6.29)	590,025	5	832,141	9
3310	Legal reserve	341,448	3	341,448	4
3320	Special reserve	321,614	3	321,614	3
3350	Unappropriated retained earnings (accumulated deficit)	(73,037)	(1)	169,079	2
3400	Other equity interest (Note 6.30)	53,104	1	41,214	1
3410	Exchange differences from translation of foreign operations	(967)	-	(424)	-
3420	Unrealized gains or losses on financial assets at FVTOCI	54,071	1	41,638	1
3xxx	Total Equity	6,306,356	61	6,589,372	72
3x2x	Total Liabilities and Equity	\$ 10,308,508	100	\$ 9,181,466	100

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

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

In Thousands of New Taiwan Dollars

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

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

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

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences from translation of foreign operations	Unrealized gains or losses on financial assets at FVTOCI	
A1	Balance on January 1, 2022	\$ 5,316,884	\$ 398,835	\$ 249,476	\$ 321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ 7,310,310
	Appropriation and distribution of earnings:								
B1	Set aside legal reserve	-	-	91,972	-	(91,972)	-	-	-
B5	Cash dividends - common shares	-	-	-	-	(425,351)	-	-	(425,351)
C17	Unclaimed overdue dividends by shareholders	-	298	-	-	-	-	-	298
D1	Net loss for 2022	-	-	-	-	(281,794)	-	-	(281,794)
D3	Other comprehensive income, net of tax, for 2022	-	-	-	-	4,592	(154)	(18,529)	(14,091)
Z1	Balance, December 31, 2022	<u>\$ 5,316,884</u>	<u>\$ 399,133</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>\$ 169,079</u>	<u>(\$ 424)</u>	<u>\$ 41,638</u>	<u>\$ 6,589,372</u>
A1	Balance on January 1, 2023	\$ 5,316,884	\$ 399,133	\$ 341,448	\$ 321,614	\$ 169,079	(\$ 424)	\$ 41,638	\$ 6,589,372
C15	Cash dividend distribution from capital surplus	-	(53,169)	-	-	-	-	-	(\$ 53,169)
C17	Unclaimed overdue dividends by shareholders	-	379	-	-	-	-	-	379
D1	Net loss for 2023	-	-	-	-	(240,156)	-	-	(240,156)
D3	Other comprehensive income, net of tax, for 2023	-	-	-	-	1,358	(543)	9,115	9,930
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	(3,318)	-	3,318	-
Z1	Balance, December 31, 2023	<u>\$ 5,316,884</u>	<u>\$ 346,343</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>(\$ 73,037)</u>	<u>(\$ 967)</u>	<u>\$ 54,071</u>	<u>\$ 6,306,356</u>

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

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

In Thousands of New Taiwan Dollars

Code	Item	2023	2022
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES :		
A00010	Net profit (loss) before tax from continuing operations	(\$ 301,958)	(\$ 286,192)
A20000	Adjustments:		
A20010	Income/gain or expense/loss items not affecting cash flows		
A20100	Depreciation expense (including depreciation of right-of-use assets and investment properties)	360,552	403,232
A20200	Amortization expense	36,471	32,496
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(16,138)	212,899
A20900	Interest expense	34,901	20,706
A21200	Interest income	(241)	(69)
A21300	Dividend income	(142,283)	(82,022)
A22400	Share of losses(profits) of subsidiaries, associates, and joint ventures under equity method	(1,019)	415
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	(73)	(22,291)
A23100	Net loss (gain) from disposal of investments	5,561	89,986
A23900	Unrealized sales benefit	1,487	421
A24000	Realized sales benefit	(421)	(1,370)
A20010	Total income/gain or expense/loss items not affecting cash flows	<u>278,797</u>	<u>654,403</u>
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(129,417)	20,365
A31130	Decrease (increase) in notes receivable	25,419	141,394
A31150	Decrease (increase) in accounts receivable	(572,642)	638,772
A31160	Decrease (increase) in accounts receivable – related parties	20,052	11,220
A31180	Decrease (increase) in other receivables	(8,837)	5,471
A31200	Decrease (increase) in inventories	23,430	348,927
A31230	Decrease (increase) in prepayments	(23,812)	29,232
A31240	Decrease (increase) in other current assets - other	32,562	(54,790)
A32125	Increase (decrease) in contractual liabilities	(44,184)	21,051
A32130	Increase (decrease) in notes payable	7,595	(51,361)
A32150	Increase (decrease) in accounts payable	249,831	(406,922)
A32160	Increase (decrease) in accounts payable – related parties	87	(43)
A32180	Increase (decrease) in other payables	(17,469)	(124,626)
A32190	Increase (decrease) in other payables – related parties	(35)	29
A32200	Increase (decrease) in provisions	1,083	2,333
A32230	Increase (decrease) in other current liabilities - other	1,474	368
A32240	Increase (decrease) in net defined benefit liabilities	(14,364)	(24,169)
A30000	Total changes in operating assets and liabilities	<u>(449,227)</u>	<u>557,251</u>
A33000	Cash generated from (used in) operations	(472,388)	925,462
A33100	Interest received	241	69
A33200	Dividend received	142,283	82,022
A33300	Interest paid	(33,812)	(20,121)
A33500	Income taxes paid	(22)	(31,053)
AAAA	Net cash flows from (used in) operating activities	<u>(363,698)</u>	<u>956,379</u>

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Code	Item	2023	2022
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00010	Acquisition of FVTOCI financial assets	(4,000)	-
B00020	Disposal of FVTOCI financial assets	6,111	-
B00030	Returned capital from FVTOCI financial assets	21,466	33,181
B02700	Acquisition of property, plant and equipment	(394,352)	(147,567)
B02800	Disposal of property, plant and equipment	253	22,455
B03700	Increase in refundable deposits	(30)	(2)
B03800	Decrease in refundable deposits	4,564	502
B04500	Acquisition of intangible assets	(1,726)	(2,181)
B05400	Acquisition of investment properties	(140,039)	(55,860)
B06700	Increase in other noncurrent assets - other	(30,742)	(33,715)
B07100	Increase in prepayments for equipment	(126,484)	(87,070)
BBBB	Net cash flows from (used in) investing activities	<u>(664,979)</u>	<u>(270,257)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES: (Note 6.37)		
C00100	Increase in short-term borrowings	7,678,435	12,122,342
C00200	Decrease in short-term borrowings	(8,248,335)	(11,902,442)
C00500	Increase in short-term notes and bills payable	2,480,000	2,450,000
C00600	Decrease in short-term notes and bills payable	(1,950,000)	(2,900,000)
C01600	Proceeds from long-term debt	1,200,000	-
C03000	Increase in guarantee deposits received	900	750
C03100	Decrease in guarantee deposits received	(6,784)	(620)
C04020	Lease principal repayments	(11,705)	(12,613)
C04500	Distribution of cash dividends	(53,169)	(425,351)
C09900	Undrawn overdue dividends payable transferred to capital surplus	379	298
CCCC	Net cash flows from (used in) financing activities	<u>1,089,721</u>	<u>(667,636)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	61,044	18,486
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,634	41,148
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 120,678</u>	<u>\$ 59,634</u>
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	<u>\$ 120,678</u>	<u>\$ 59,634</u>

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

Independent Auditors' Report

To : Zig Sheng Industrial Co., Ltd.

Opinion

We have audited the consolidated financial statements of Zig Sheng Industrial Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, and the related interpretations endorsed and issued into effect by the Financial Supervisory Commission (together "IFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended December 31, 2023. 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, 2023 are stated as follows :

Revenue recognition

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

For the accounting policies regarding revenue recognition, please refer to Note 4.32 of the Consolidated Financial Statements ; For illustration to the revenue items, please refer to disclosure in Note 6.31 of the Consolidated Financial Statements.

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

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

Valuation of inventories

The main inventories of the Group are Polyester Fully Oriented Yarn, Caprolactam and the related products and are measured using lower of cost or net realizable value. Due to rapid changes in the industry where the 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 2023 and 2022 parent company only financial statements, along with the independent auditors' report with unqualified opinion issued, available for reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

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

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

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

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

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

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

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

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
11xx	Current Assets	\$ 4,088,423	40	\$ 3,451,871	37
1100	Cash and cash equivalents (Note 6.1)	144,683	2	85,324	1
1110	Financial assets at FVTPL – current (Note 6.2)	721,420	7	585,649	6
1150	Notes receivable, net (Note 6.3)	102,957	1	128,376	1
1170	Accounts receivable, net (Note 6.4)	1,227,358	12	663,674	7
1180	Accounts receivable - related parties (Note 6.4,7)	25,738	-	32,714	-
1200	Other receivables (Note 6.5)	11,043	-	2,252	-
1220	Current-period income tax assets (Note 6.38)	25	-	6	-
1310	Inventories, net (Note 6.6)	1,790,569	17	1,880,760	21
1410	Prepayments (Note 6.7)	42,402	1	18,326	-
1479	Other current assets - other (Note 6.8)	22,228	-	54,790	1
15xx	Noncurrent Assets	6,220,941	60	5,730,972	63
1517	Financial assets at FVTOCI - noncurrent (Note 6.9)	180,826	2	195,288	2
1600	Property, plant and equipment (Note 6.11)	4,757,528	46	4,547,680	49
1755	Right-of-use assets (Note 6.12)	110,343	1	63,239	1
1760	Investment properties, net (Note 6.13)	830,491	8	694,580	8
1780	Intangible assets (Note 6.14)	4,301	-	3,683	-
1840	Deferred income tax assets (Note 6.38)	140,531	1	78,877	1
1915	Prepayments for equipment	131,608	1	74,901	1
1920	Refundable deposits (Note 6.15)	18,379	-	22,967	-
1990	Other noncurrent assets – other (Note 6.16)	46,934	1	49,757	1
1xxx	Total Assets	\$ 10,309,364	100	\$ 9,182,843	100
Code	Liabilities and Equity				
21xx	Current Liabilities	\$ 2,489,872	24	\$ 2,306,947	25
2100	Short-term borrowings (Note 6.17)	910,000	9	1,479,900	16
2110	Short-term notes and bills payable (Note 6.18)	579,909	6	49,963	1
2120	Financial liabilities at FVTPL – current (Note 6.19)	384	-	-	-
2130	Contractual liabilities – current (Note 6.31)	31,223	-	75,418	1
2150	Notes payable (Note 6.20)	174,111	2	166,516	2
2170	Accounts payable (Note 6.20)	467,053	4	217,453	2
2180	Accounts payable to related parties (Note 7)	126	-	39	-
2200	Other payables (Note 6.20)	281,937	3	274,221	3
2220	Other payables - related parties (Note 6.21)	15	-	-	-
2230	Current-period income tax liabilities (Note 6.38)	-	-	9	-
2250	Provisions - current (Note 6.22)	28,988	-	27,905	-
2280	Lease liabilities - current (Note 6.12)	12,648	-	13,551	-
2399	Other current liabilities – other (Note 6.23)	3,478	-	1,972	-
25xx	Noncurrent Liabilities	1,513,136	15	286,524	3
2540	Long-term borrowings (Note 6.24)	1,200,000	12	-	-
2570	Deferred income tax liabilities (Note 6.38)	137,395	1	137,524	1
2580	Lease liabilities - noncurrent (Note 6.12)	100,523	1	51,837	1
2640	Net defined benefit liability - noncurrent (Note 6.25)	57,808	1	73,869	1
2645	Guarantee deposits received (Note 6.26)	17,410	-	23,294	-
2xxx	Total Liabilities	4,003,008	39	2,593,471	28
31xx	Equity attributable to owners of the parent				
3100	Share capital (Note 6.27)	5,316,884	52	5,316,884	58
3110	Common shares	5,316,884	52	5,316,884	58
3200	Capital surplus (Note 6.28)	346,343	3	399,133	4
3300	Retained earnings (Note 6.29)	590,025	5	832,141	9
3310	Legal reserve	341,448	3	341,448	4
3320	Special reserve	321,614	3	321,614	3
3350	Unappropriated retained earnings (accumulated deficit)	(73,037)	(1)	169,079	2
3400	Other equity interest (Note 6.30)	53,104	1	41,214	1
3410	Exchange differences from translation of foreign operations	(967)	-	(424)	-
3420	Unrealized gains or losses on financial assets at FVTOCI	54,071	1	41,638	1
3xxx	Total Equity	6,306,356	61	6,589,372	72
3x2x	Total Liabilities and Equity	\$ 10,309,364	100	\$ 9,182,843	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, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Item	2023		2022	
		Amount		Amount	
4000	Operating revenue (Note 6.31)	\$ 7,740,588	100	\$ 9,301,445	100
5000	Operating costs (Note 6.6, 6.36)	(7,889,709)	(102)	(9,087,845)	(98)
5900	Gross profit (loss) from operations	(149,121)	(2)	213,600	2
6000	Operating expenses (Note 6.36)	(365,951)	(5)	(458,810)	(5)
6100	Selling expenses	(205,215)	(3)	(295,678)	(3)
6200	Administrative expenses	(99,657)	(1)	(105,548)	(1)
6300	Research and development expenses	(61,079)	(1)	(57,516)	(1)
6450	Loss on expected credit impairment (Note 6.4)	-	-	(68)	-
6900	NET OPERATING INCOME (LOSS)	(515,072)	(7)	(245,210)	(3)
	Non-operating income and expenses				
7100	Interest income (Note 6.32)	480	-	520	-
7010	Other income (Note 6.33)	268,746	3	201,807	2
7020	Other gains and losses (Note 6.34)	(19,742)	-	(233,669)	(2)
7050	Finance costs (Note 6.35)	(36,551)	-	(9,445)	-
7000	Total non-operating income and expenses	212,933	3	(40,787)	-
7900	INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(302,139)	(4)	(285,997)	(3)
7950	INCOME TAX BENEFIT (Note 6.38)	61,983	1	4,203	-
8200	NET INCOME (LOSS)	(240,156)	(3)	(281,794)	(3)
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized measurement gains or losses on equity instruments measured at FVTOCI (Note 6.9)	9,115	-	(18,529)	-
8311	Remeasurements of defined benefit liability (Note 6.25)	1,697	-	5,740	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note 6.38)	(339)	-	(1,148)	-
8310	Total items that will not be reclassified subsequently to profit or loss	10,473	-	(13,937)	-
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences from translation of foreign operations of subsidiaries, associates and joint ventures under equity method	(543)	-	(154)	-
8360	Total items that may be reclassified subsequently to profit or loss	(543)	-	(154)	-
8300	Total other comprehensive income (loss) for the period, net of income tax	9,930	-	(14,091)	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(\$ 230,226)	(3)	(\$ 295,885)	(3)
8600	Net income (loss) attributable to:				
8610	Owners of the parent	(\$ 240,156)	(3)	(\$ 281,794)	(3)
8700	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent	(\$ 230,226)	(3)	(\$ 295,885)	(3)
	EARNINGS (LOSS) PER SHARE – COMMON SHARES (NT\$) (Note 6.39)				
9750	Basic loss per share	(\$ 0.45)		(\$ 0.53)	

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

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

In Thousands of New Taiwan Dollars

Code	Item	Share Capital - Common Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences from translation of foreign operations	Unrealized gains or losses on financial assets at FVTOCI	
A1	Balance on January 1, 2022	\$ 5,316,884	\$ 398,835	\$ 249,476	\$ 321,614	\$ 963,604	(\$ 270)	\$ 60,167	\$ 7,310,310
	Appropriation and distribution of earnings:								
B1	Set aside legal reserve	-	-	91,972	-	(91,972)	-	-	-
B5	Cash dividends - common shares	-	-	-	-	(425,351)	-	-	(425,351)
C17	Unclaimed overdue dividends by shareholders	-	298	-	-	-	-	-	298
D1	Net loss for 2022	-	-	-	-	(281,794)	-	-	(281,794)
D3	Other comprehensive income, net of tax, for 2022	-	-	-	-	4,592	(154)	(18,529)	(14,091)
Z1	Balance, December 31, 2022	<u>\$ 5,316,884</u>	<u>\$ 399,133</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>\$ 169,079</u>	<u>(\$ 424)</u>	<u>\$ 41,638</u>	<u>\$ 6,589,372</u>
A1	Balance on January 1, 2023	\$ 5,316,884	\$ 399,133	\$ 341,448	\$ 321,614	\$ 169,079	(\$ 424)	\$ 41,638	\$ 6,589,372
C15	Cash dividend distribution from capital surplus	-	(53,169)	-	-	-	-	-	(53,169)
C17	Unclaimed overdue dividends by shareholders	-	379	-	-	-	-	-	379
D1	Net loss for 2023	-	-	-	-	(240,156)	-	-	(240,156)
D3	Other comprehensive income, net of tax, for 2023	-	-	-	-	1,358	(543)	9,115	9,930
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(3,318)	-	3,318	-
Z1	Balance, December 31, 2023	<u>\$ 5,316,884</u>	<u>\$ 346,343</u>	<u>\$ 341,448</u>	<u>\$ 321,614</u>	<u>(\$ 73,037)</u>	<u>(\$ 967)</u>	<u>\$ 54,071</u>	<u>\$ 6,306,356</u>

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

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

In Thousands of New Taiwan Dollars

Code	Item	2023	2022
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit (loss) before tax from continuing operations	(\$ 302,139)	(\$ 285,997)
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)	361,016	403,707
A20200	Amortization expense	36,471	32,496
A20400	Net loss (gain) on financial assets and liabilities measured at FVTPL	(16,138)	212,899
A20900	Interest expense	34,915	20,707
A21200	Interest income	(480)	(520)
A21300	Dividend income	(142,283)	(82,022)
A22500	Net loss (gain) on disposal or scrapping of property, plant and equipment	(73)	(22,291)
A23100	Net loss (gain) from disposal of investments	5,561	89,986
A20010	Total income/gain or expense/loss items not affecting cash flows	278,989	654,962
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at FVTPL	(129,417)	20,365
A31130	Decrease (increase) in notes receivable	25,419	141,394
A31150	Decrease (increase) in accounts receivable	(563,684)	632,172
A31160	Decrease (increase) in accounts receivable – related parties	6,976	9,106
A31180	Decrease (increase) in other receivables	(8,843)	5,466
A31200	Decrease (increase) in inventories	27,909	351,527
A31230	Decrease (increase) in prepayments	(24,076)	29,554
A31240	Decrease (increase) in other current assets - other	32,562	(54,790)
A32125	Increase (decrease) in contractual liabilities	(44,195)	20,961
A32130	Increase (decrease) in notes payable	7,595	(51,365)
A32150	Increase (decrease) in accounts payable	249,600	(406,642)
A32160	Increase (decrease) in accounts payable – related parties	87	(43)
A32180	Increase (decrease) in other payables	(18,201)	(123,953)
A32190	Increase (decrease) in other payables – related parties	15	-
A32200	Increase (decrease) in provisions	1,083	2,333
A32230	Increase (decrease) in other current liabilities - other	1,506	368
A32240	Increase (decrease) in net defined benefit liabilities	(14,364)	(24,169)
A30000	Total changes in operating assets and liabilities	(450,028)	552,284
A33000	Cash generated from (used in) operations	(473,178)	921,249
A33100	Interest received	532	315
A33200	Dividend received	142,283	82,022
A33300	Interest paid	(33,826)	(20,122)
A33500	Income taxes paid	(167)	(31,076)
AAAA	Net cash flows from (used in) operating activities	(364,356)	952,388

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Code	Item	2023	2022
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of FVTOCI financial assets	(4,000)	-
B00020	Disposal of FVTOCI financial assets	6,111	-
B00030	Returned capital from FVTOCI financial assets	21,466	33,181
B02700	Acquisition of property, plant and equipment	(394,352)	(147,567)
B02800	Disposal of property, plant and equipment	253	22,455
B03700	Increase in refundable deposits	(30)	(10)
B03800	Decrease in refundable deposits	4,618	522
B04500	Acquisition of intangible assets	(1,726)	(2,181)
B05400	Acquisition of investment properties	(140,039)	(55,860)
B06700	Increase in other noncurrent assets - other	(30,742)	(33,715)
B07100	Increase in prepayments for equipment	(126,484)	(87,070)
BBBB	Net cash flows from (used in) investing activities	<u>(664,925)</u>	<u>(270,245)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES: (Note 6.37)		
C00100	Increase in short-term borrowings	7,678,435	12,122,342
C00200	Decrease in short-term borrowings	(8,248,335)	(11,902,442)
C00500	Increase in short-term notes and bills payable	2,480,000	2,450,000
C00600	Decrease in short-term notes and bills payable	(1,950,000)	(2,900,000)
C01600	Proceeds from long-term borrowings	1,200,000	-
C03000	Increase in guarantee deposits received	900	750
C03100	Decrease in guarantee deposits received	(6,784)	(620)
C04020	Lease principal repayment	(12,243)	(13,090)
C04500	Distribution of cash dividends	(53,169)	(425,351)
C09900	Undrawn overdue dividends payable transferred to capital surplus	379	298
CCCC	Net cash flows from (used in) financing activities	<u>1,089,183</u>	<u>(668,113)</u>
DDDD	Effects on cash and cash equivalents due to fluctuations in exchange rates	(543)	(154)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>59,359</u>	<u>13,876</u>
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>85,324</u>	<u>71,448</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 144,683</u>	<u>\$ 85,324</u>
E00210	RECORDED CASH AND CASH EQUIVALENTS ON THE CONSOLIDATED BALANCE SHEET	<u>\$ 144,683</u>	<u>\$ 85,324</u>

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

Attachment 6

Zig Sheng Industrial Co., Ltd.

Comparison Table of the provisions Before and After Amendment of “ Articles of Incorporation ”

Article	Provision Before Amendment	Provision After Amendment
<p>Article 13</p>	<p>The Company shall have <u>ten to thirteen</u> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>The Company shall have <u>nine</u> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>Article 26-1</p>	<p>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</p>	<p>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</p>

Article	Provision Before Amendment	Provision After Amendment
Article 26-1	<p>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 <u>and submit it to the shareholders' meeting for resolution.</u></p>	<p>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.</p> <p><u>If the company's surplus distribution is distributed in cash, according to paragraph 5 of Article 240 of the Company Act, the board of directors is authorized the distributable dividends after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting; when it is to be distributed in the form of new shares, it shall be submitted to the shareholders' meeting for resolution before the distribution.</u></p> <p><u>According to the provision of paragraph 1 of Article 241 of the Company Act, the legal reserve and the capital reserve, in whole or in part are distributed in cash; according to paragraph 5 of Article 240 of the Company Act, the distribution shall be made based on the resolution of a board of directors' meeting attended by more than two-thirds of directors with a majority of voting rights of the attending directors, which shall also be reported to the shareholders' meeting; when the distribution is made by issuing new shares, it shall be submitted to the shareholders' meeting for resolution before distribution.</u></p>
Article 28	<p>These Articles of Incorporation were established on July 31, 1969.</p> <p style="text-align: center;">:</p> <p style="text-align: center;">:</p> <p>The twenty-ninth amendment was made on June 22, 2020.</p>	<p>These Articles of Incorporation were established on July 31, 1969.</p> <p style="text-align: center;">:</p> <p style="text-align: center;">:</p> <p>The twenty-ninth amendment was made on June 22, 2020. <u>The thirtieth amendment was made on June 6, 2024.</u></p>

Attachment 7

Zig Sheng Industrial Co., Ltd.

Comparison Table of the provisions Before and After Amendment of “ Procedures for Governing the Acquisition and Disposal of Assets ”

Provision Before Amendment	Provision After Amendment
<p>Article 3 Appraisal procedures</p> <p>The means of price determination and supporting reference materials of acquisition and disposal of each kind of assets.</p> <p>3.1 Investments in each kind of securities.</p> <p>3.1.4 If the dollar amount of the transaction is 20 percent of the our company paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price, <u>if the accountant opts to use an expert report, they shall proceed in accordance with the regulations stipulated in Auditing Standard No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 1, subparagraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>Article 3 Appraisal procedures</p> <p>The means of price determination and supporting reference materials of acquisition and disposal of each kind of assets.</p> <p>3.1 Investments in each kind of securities.</p> <p>3.1.4 If the dollar amount of the transaction is 20 percent of the our company paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>
<p>3.2 Real property, equipment and other major assets, or right-of-use assets thereof</p> <p>3.2.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be amount, a certified public accountant shall be disposed of are lower than the transaction</p>	<p>3.2 Real property, equipment and other major assets, or right-of-use assets thereof</p> <p>3.2.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be</p>

Provision Before Amendment	Provision After Amendment
<p>engaged to render a specific opinion regarding the reason for the discrepancy, <u>a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy in accordance with the provisions of Auditing Standard No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as "Accounting Research And Development Foundation")</u>, and the appropriateness of the transaction price, and it should be approved by more than 2/3 of the board of directors and half of the attendees.</p> <p style="text-align: center;">【Sections (1)~(2) remain unchanged】</p> <p>3.2.2.5 The calculation of the transaction amounts referred to in this paragraph shall be done in <u>accordance with Article 5, paragraph 1, subparagraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it should be approved by more than 2/3 of the board of directors and half of the attendees.</p> <p style="text-align: center;">【Sections (1)~(2) remain unchanged】</p> <p>3.2.2.5 The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>
<p>3.2.3 Related party Transaction 3.2.3.1 When our company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions in accordance with these procedures. The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 1, subparagraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>3.2.3 Related party Transaction 3.2.3.1 When our company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions in accordance with these procedures. The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>

Provision Before Amendment	Provision After Amendment
<p data-bbox="164 203 256 232">3.2.3.2</p> <p data-bbox="164 237 799 857">Our company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until <u>the following information should be submitted for approval by the audit committee and the board of directors:</u></p> <p data-bbox="284 891 788 925" style="text-align: center;">【Sections (1)~(7) remain unchanged】</p> <p data-bbox="164 1854 799 2033">The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with <u>Article 5, paragraph 1, subparagraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding</p>	<p data-bbox="828 203 920 232">3.2.3.2</p> <p data-bbox="828 237 1463 891">Our company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until <u>the following matters have been approved by audit committee, the board of directors for approval and shareholders by the supervisors:</u></p> <p data-bbox="948 891 1452 925" style="text-align: center;">【Sections (1)~(7) remain unchanged】</p> <p data-bbox="828 965 1449 1406">With respect to the types of transactions which are acquisition or disposal of real property and equipment or right-of-use assets, thereof held for business use, when to be conducted between our company and our parent or subsidiaries, or between our subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board chairman to decide such matters when the transaction is within NT 500 million and have the decisions subsequently submitted to and ratified by the next <u>audit committee</u> and board of directors meeting.</p> <p data-bbox="828 1413 1463 1854"><u>Our company or a subsidiary thereof that is not a domestic public company will have a transaction set out in Article (1) of 3.2.3.2 and the transaction amount will reach 10 percent or more of our company's total assets, the public company shall submit the materials in all the subparagraphs of Article (1) of 3.2.3.2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p data-bbox="828 1861 1463 2033">The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with <u>Article 5, paragraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of</p>

Provision Before Amendment	Provision After Amendment
<p>the date of occurrence of the current transaction. The part that has been <u>approved by the Audit Committee and the Board of Directors</u> in accordance with the procedures herein shall be exempt from further calculation.</p> <p>With respect to the types of transactions which are acquisition or disposal of real property and equipment or right-of-use assets, thereof held for business use, when to be conducted between our company and our parent or subsidiaries, or between our subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board chairman to decide such matters when the transaction is within NT 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	<p>occurrence of the current transaction. The part that has been <u>approved by the Audit Committee, passed by the Board of Directors, and consented to by the shareholders</u> in accordance with the procedures herein shall be exempt from further calculation.</p>
<p>3.2.3.5 Where our company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Articles 3.2.3.3 and 3.2.3.4 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p style="text-align: center;">【Sections (1) remain unchanged】</p> <p>(2) <u>The supervisor committee</u> shall comply with Article 218 of the Company Act.</p> <p style="text-align: center;">【Sections (3) remain unchanged】</p> <p>Our company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p> <p>3.3 Memberships or intangible assets or right-of-use assets</p>	<p>3.2.3.5 Where our company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Articles 3.2.3.3 and 3.2.3.4 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p style="text-align: center;">【Sections (1) remain unchanged】</p> <p>(2) <u>Independent director member of the audit committee</u> shall comply with Article 218 of the Company Act.</p> <p style="text-align: center;">【Sections (3) remain unchanged】</p> <p>Our company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p> <p>3.3 Memberships or intangible assets or right-of-use assets</p>

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<p>3.3.3 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage CPAs prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price, <u>Auditing Standard No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 1, subparagraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>3.3.3 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage CPAs prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with <u>Article 5, paragraph 2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>
<p>3.4 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law</p> <p>3.4.2 Our company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by our company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which our company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p>	<p>3.4 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law</p> <p>3.4.2 Our company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to <u>the audit committee and</u> the board of directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by our company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which our company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p>
<p>Article 4 Operating Procedures</p> <p>4.2 Degree of authority delegated, the levels</p>	<p>Article 4 Operating Procedures</p> <p>4.2 Degree of authority delegated, the levels</p>

Provision Before Amendment	Provision After Amendment
<p>to which authority is delegated</p> <p>4.2.1 When acquiring or disposing each kind of assets, it is handled in accordance with the following hierarchy:</p> <p>(1) For those that do not meet the standards for public announcement and report stipulated in these procedures, they shall be determined and proceeded by the chairman as authorized by the board of directors.</p> <p>(2) <u>If the requirements of this procedure regarding disclosure and reporting standards have been met, except for transactions with related parties which shall be handled in accordance with the provisions of 3.2.3.2, approval by the board of directors shall be obtained beforehand or ratified afterwards.</u></p> <p>(3) Items that have been included in the company's "Level of Authority" shall be determined and proceeded according to the authorized amount and hierarchy as stipulated.</p> <p>(4) Short-term securities acquired or disposed of by the company shall be determined and proceeded by the chairman as authorized by the board of directors.</p> <p>4.2.2 Our company transactions with related parties shall first meet Article 3.2.3.2 before being handled.</p> <p>4.2.3 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law, shall be first entrusted to CPAs, attorneys, and securities under writers for their opinions in accordance with Article 3.4.2, and reported to the board of directors for discussions and approval.</p> <p>4.2.4 Matters prescribed under Article 185 of the Company Act shall be first approved by the board of directors and reported to the shareholders' meeting for approval before being handled.</p>	<p>to which authority is delegated</p> <p>4.2.1 When acquiring or disposing each kind of assets, it is handled in accordance with the following hierarchy:</p> <p>(1) For those that do not meet the standards for public announcement and report stipulated in these procedures, they shall be determined and proceeded by the chairman as authorized by the board of directors.</p> <p>(2) Items that have been included in the company's "Level of Authority" shall be determined and proceeded according to the authorized amount and hierarchy as stipulated.</p> <p>(3) Short-term securities acquired or disposed of by the company shall be determined and proceeded by the chairman as authorized by the board of directors.</p> <p>4.2.2 Our company transactions with related parties shall first meet Article 3.2.3.2 before being handled.</p> <p>4.2.3 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law, shall be first entrusted to CPAs, attorneys, and securities under writers for their opinions in accordance with Article 3.4.2, and reported to <u>the audit committee and the board of directors</u> for discussions and approval.</p> <p>4.2.4 Matters prescribed under Article 185 of the Company Act shall be first approved by <u>the audit committee and</u> the board of directors and reported to the shareholders' meeting for approval before being handled.</p>
<p>Article 5 Public Announcement and Report Procedures</p> <p>5.1 Public announcement and report</p> <p>5.1.1.1 Our company's acquisition or disposal of <u>assets other than real estate</u> from or to related parties, with transaction amounts reaching 20% of the</p>	<p>Article 5 Public Announcement and Report Procedures</p> <p>5.1 Public announcement and report</p> <p>5.1.1.1 Our company's acquisition or disposal of <u>real estate or its right-of-use assets</u> from or to related parties, <u>or transactions with related</u></p>

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<p>company's paid-in capital, 10% of total assets, or more than NT\$300 million.</p>	<p><u>parties involving assets other than real estate or its right-of-use assets,</u> with transaction amounts reaching 20% of the company's paid-in capital, 10% of total assets, or more than NT\$300 million.</p>
<p>5.1.1.5 Where an asset transaction other than any of those referred to in the Articles 5.1.1.1~5.1.1.4, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances.</p> <p>(1) Trading of domestic government bonds .</p> <p style="text-align: center;">【Sections (2) remain unchanged】</p>	<p>5.1.1.5 Where an asset transaction other than any of those referred to in the Articles 5.1.1.1~5.1.1.4, <u>a disposal of receivables by a financial institution,</u> or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances.</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p style="text-align: center;">【Sections (2) remain unchanged】</p>
<p>Article 9 Other Important Matters</p> <p>9.2 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p style="text-align: center;">【Sections 9.2.1~9.2.3 remain unchanged】</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall with the following provisions:</p> <p style="text-align: center;">【Sections (1) remain unchanged】</p> <p>(2) When <u>audit</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the <u>completeness, accuracy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p>	<p>Article 9 Other Important Matters</p> <p>9.2 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p style="text-align: center;">【Sections 9.2.1~9.2.3 remain unchanged】</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <u>comply with the self-regulatory rules of the industry associations to which they belong and</u> with the following provisions:</p> <p style="text-align: center;">【Sections (1) remain unchanged】</p> <p>(2) When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p>

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<p><u>9.2.4</u> They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with <u>reasonableness laws and accuracy</u>.</p>	<p><u>(4)</u> They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with <u>applicable laws and regulations</u>.</p>
<p>Article 10 Establishment and Amendment</p> <p>10.1 The establishment or amendment of these procedures, <u>the decision should be submitted to the board of directors for approval after obtaining the consent of the audit committee and subsequently presented to the shareholders' meeting for approval</u>. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>Article 10 Establishment and Amendment</p> <p>10.1 The establishment or amendment of these procedures <u>shall be approved by the audit committee and the board of directors, and reported to the shareholders' meeting for approval</u>. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>