

# **Universal Incorporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

UNIVERSAL INCORPORATION

By

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MEI-HUI HUANG  
Chairman

March 24, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Universal Incorporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Universal Incorporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Authenticity of Sales Revenue

The revenue of Universal Incorporation Group mainly comes from the sale of non-woven fabrics and its processed products, which decreased in 2022. The decrease in sales from those products is due to the easing of the Covid-19 pandemic. Even though overall sales revenue decreased, sales revenue from some of the customers were higher and significant compared to the prior year, and the quantity of sales transactions from those customers was also large; therefore, we assessed that the risk related to sales revenue, that is, whether the transactions actually occurred, is high, and deemed the authenticity of sales revenue as the key audit matter.

Refer to Note 4 to the consolidated financial statements for the accounting policies related to revenue recognition.

Our main audit procedures performed in response to the abovementioned key audit matter included the following:

1. We understood and tested the design and operating effectiveness of the internal controls related to the sales revenue recognition process.
2. We reviewed the basic information of major customers and analyzed the reasonableness of the nature of transactions and the change in amounts.
3. We performed tests of details and checked the original receipts to confirm the authenticity of the sales transactions.
4. We selected samples from the records of sales returns and allowances and confirmed that payments were collected after the balance sheet date.

### **Other Matter**

We have also audited the parent company only financial statements of Universal Incorporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, 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 Standards on Auditing 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 Standards on Auditing 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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, whether a material uncertainty exists related to 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify 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 bear on 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun- Ming Hsueh and Chun-Yi Chang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2023

Notice to Readers

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

UNIVERSAL INCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,013,789	34	\$ 406,558	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	332,413	10
Financial assets at amortized cost - current (Notes 4 and 8)	526,793	17	890,354	28
Notes receivable (Notes 4 and 10)	541	-	5,890	-
Trade receivable (Notes 4 and 10)	69,163	2	89,249	3
Current tax assets (Notes 4 and 21)	-	-	1,022	-
Inventories (Notes 4 and 11)	124,110	4	170,113	5
Other current assets (Notes 4 and 12)	<u>12,003</u>	<u>1</u>	<u>8,316</u>	<u>-</u>
Total current assets	<u>1,746,399</u>	<u>58</u>	<u>1,903,915</u>	<u>59</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	65,179	2	87,390	3
Financial assets at amortized cost - non-current (Notes 4 and 8)	11,023	1	-	-
Property, plant and equipment (Notes 4, 14 and 27)	1,168,563	39	1,213,631	38
Right-of-use assets (Notes 4 and 15)	7,078	-	7,084	-
Deferred tax assets (Notes 4 and 21)	5,386	-	5,143	-
Refundable deposits	<u>1,720</u>	<u>-</u>	<u>219</u>	<u>-</u>
Total non-current assets	<u>1,258,949</u>	<u>42</u>	<u>1,313,467</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 3,005,348</u>	<u>100</u>	<u>\$ 3,217,382</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 15,829	1	\$ -	-
Trade payable	993	-	6,128	-
Other payables (Note 17)	34,930	1	53,114	2
Current tax liabilities (Notes 4 and 21)	10,178	-	40,066	1
Lease liabilities - current (Notes 4 and 15)	37	-	42	-
Other current liabilities	<u>6,563</u>	<u>-</u>	<u>6,298</u>	<u>-</u>
Total current liabilities	<u>68,530</u>	<u>2</u>	<u>105,648</u>	<u>3</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 21)	49,572	2	51,810	2
Lease liabilities - non-current (Notes 4 and 15)	188	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	7,840	-	11,278	-
Guarantee deposits received	<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>57,810</u>	<u>2</u>	<u>63,088</u>	<u>2</u>
Total liabilities	<u>126,340</u>	<u>4</u>	<u>168,736</u>	<u>5</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 19)</b>				
Share capital				
Ordinary shares	<u>852,812</u>	<u>28</u>	<u>852,812</u>	<u>27</u>
Capital surplus	<u>3,333</u>	<u>-</u>	<u>3,261</u>	<u>-</u>
Retained earnings				
Legal reserve	440,026	15	412,188	13
Special reserve	147,307	5	147,481	5
Unappropriated earnings	<u>1,342,101</u>	<u>45</u>	<u>1,523,921</u>	<u>47</u>
Total retained earnings	<u>1,929,434</u>	<u>65</u>	<u>2,083,590</u>	<u>65</u>
Other equity	<u>(5,391)</u>	<u>-</u>	<u>8,686</u>	<u>-</u>
Total equity attributable to owners of the Company	2,780,188	93	2,948,349	92
<b>NON-CONTROLLING INTERESTS (Notes 4 and 19)</b>	<u>98,820</u>	<u>3</u>	<u>100,297</u>	<u>3</u>
Total equity	<u>2,879,008</u>	<u>96</u>	<u>3,048,646</u>	<u>95</u>
<b>TOTAL</b>	<u>\$ 3,005,348</u>	<u>100</u>	<u>\$ 3,217,382</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 4)	\$ 553,968	100	\$ 1,191,043	100
OPERATING COSTS (Notes 4, 11 and 20)				
Cost of goods sold	<u>510,294</u>	<u>92</u>	<u>751,250</u>	<u>63</u>
GROSS PROFIT	<u>43,674</u>	<u>8</u>	<u>439,793</u>	<u>37</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	13,051	2	19,257	2
General and administrative expenses	26,276	5	40,558	3
Research and development expenses	<u>9,369</u>	<u>2</u>	<u>9,873</u>	<u>1</u>
Total operating expenses	<u>48,696</u>	<u>9</u>	<u>69,688</u>	<u>6</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(5,022)</u>	<u>(1)</u>	<u>370,105</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	21,274	4	9,089	1
Other income	3,569	1	17,545	2
Other gains and losses	704	-	(7,206)	(1)
Finance costs	<u>(14)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
Total non-operating income and expenses	<u>25,533</u>	<u>5</u>	<u>19,415</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	20,511	4	389,520	33
INCOME TAX EXPENSE (Notes 4 and 21)	<u>6,985</u>	<u>1</u>	<u>112,028</u>	<u>10</u>
NET PROFIT FOR THE YEAR	<u>13,526</u>	<u>3</u>	<u>277,492</u>	<u>23</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,748	-	7,483	1
Unrealized loss on investments in equity instruments designated as a fair value through other comprehensive income	(22,211)	(4)	(38,729)	(4)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(550)	-	(1,497)	-

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# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 7,513	1	\$ (2,705)	-
Other comprehensive loss for the year, net of income tax	(12,500)	(3)	(35,448)	(3)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,026</u>	<u>-</u>	<u>\$ 242,044</u>	<u>20</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 16,580	3	\$ 278,378	23
Non-controlling interests	(3,054)	-	(886)	-
	<u>\$ 13,526</u>	<u>3</u>	<u>\$ 277,492</u>	<u>23</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,503	-	\$ 243,498	20
Non-controlling interests	(1,477)	-	(1,454)	-
	<u>\$ 1,026</u>	<u>-</u>	<u>\$ 242,044</u>	<u>20</u>
<b>EARNINGS PER SHARE (Note 22)</b>				
Basic	\$ 0.19		\$ 3.26	
Diluted	\$ 0.19		\$ 3.24	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Others Equity			Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Remeasurement of Defined Benefit Plans	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special Reserve							
BALANCE AT JANUARY 1, 2021	\$ 852,812	\$ 3,167	\$ 214,690	\$ 179,174	\$ 2,434,722	\$ (8,565)	\$ (20,542)	\$ 72,673	\$ 3,728,131	\$ 101,751	\$ 3,829,882
Appropriation of 2020 earnings											
Legal reserve	-	-	197,498	-	(197,498)	-	-	-	-	-	-
Special reserve	-	-	-	(31,693)	31,693	-	-	-	-	-	-
Cash dividends distributed by the Company - \$12 per share	-	-	-	-	(1,023,374)	-	-	-	(1,023,374)	-	(1,023,374)
Due to donated assets received	-	94	-	-	-	-	-	-	94	-	94
Net profit for the year ended December 31, 2021	-	-	-	-	278,378	-	-	-	278,378	(886)	277,492
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	5,986	(2,137)	(38,729)	(34,880)	(568)	(35,448)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	278,378	5,986	(2,137)	(38,729)	243,498	(1,454)	242,044
BALANCE AT DECEMBER 31, 2021	852,812	3,261	412,188	147,481	1,523,921	(2,579)	(22,679)	33,944	2,948,349	100,297	3,048,646
Appropriation of 2021 earnings											
Legal reserve	-	-	27,838	-	(27,838)	-	-	-	-	-	-
Special reserve	-	-	-	(174)	-	-	-	-	(174)	-	(174)
Cash dividends distributed by the Company - \$2 per share	-	-	-	-	(170,562)	-	-	-	(170,562)	-	(170,562)
Due to donated assets received	-	72	-	-	-	-	-	-	72	-	72
Net profit for the year ended December 31, 2022	-	-	-	-	16,580	-	-	-	16,580	(3,054)	13,526
Other comprehensive (loss) income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,198	5,936	(22,211)	(14,077)	1,577	(12,500)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	16,580	2,198	5,936	(22,211)	2,503	(1,477)	1,026
BALANCE AT DECEMBER 31, 2022	\$ 852,812	\$ 3,333	\$ 440,026	\$ 147,307	\$ 1,342,101	\$ (381)	\$ (16,743)	\$ 11,733	\$ 2,780,188	\$ 98,820	\$ 2,879,008

The accompanying notes are an integral part of the consolidated financial statements.

# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 20,511	\$ 389,520
Adjustments for:		
Depreciation expenses	61,623	63,368
Net loss on fair value changes of financial assets at fair value through profit or loss	1,056	1,754
Finance costs	14	13
Interest income	(21,274)	(9,089)
Dividend income	(1,799)	(3,373)
Net (gain) loss on disposal of property, plant and equipment	(6,916)	2,379
Net gain on disposal of financial assets	(1,550)	(3,883)
Write-downs of inventories	899	400
Net gain on foreign currency exchange	(2,072)	(4,510)
Changes in operating assets and liabilities		
Notes receivable	5,349	(390)
Trade receivable	19,996	242,139
Inventories	45,714	25,797
Other current assets	2,269	4,500
Trade payable	(5,138)	(22,762)
Other payables	(16,676)	(136,771)
Other current liabilities	265	(24,522)
Net defined benefit liabilities - non-current	(690)	(2,283)
Cash generated from operations	101,581	522,287
Interest received	15,239	8,048
Interest paid	(12)	(13)
Income tax paid	(38,882)	(535,249)
Net cash generated from (used in) operating activities	<u>77,926</u>	<u>(4,927)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Refund of paid-up capital from financial assets at fair value through other comprehensive income	-	696
Purchase of financial assets at amortized cost	(901,930)	(936,034)
Proceeds from sale of financial assets at amortized cost	1,256,712	948,561
Purchase of financial assets at fair value through profit or loss	-	(434,000)
Proceeds from sale of financial assets at fair value through profit or loss	332,907	1,446,925
Acquisition of property, plant and equipment	(16,052)	(92,659)
Proceeds from disposal of property, plant and equipment	7,356	18
Increase in refundable deposits	(1,500)	-
Other dividends received	1,799	3,373
Net cash generated from investing activities	<u>679,292</u>	<u>936,880</u>

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# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 15,829	\$ -
Increase in guarantee deposits received	210	-
Repayment of the principal portion of lease liabilities	(42)	(40)
Dividends distributed	(170,562)	(1,023,374)
Other financing activities	<u>72</u>	<u>94</u>
Net cash used in financing activities	<u>(154,493)</u>	<u>(1,023,320)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>4,506</u>	<u>(3,838)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	607,231	(95,205)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>406,558</u>	<u>501,763</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,013,789</u>	<u>\$ 406,558</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# UNIVERSAL INCORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Universal Incorporation (the “Company”) was incorporated in the Republic of China (“ROC”) in October 1962. The Company is mainly engaged in the production and sale of non-woven fabrics.

The Company’s shares were listed and have been trading on the Taipei Exchange since September 11, 2000.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 24, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Group.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The Group applied the amendments since January 1, 2023.

Note 2: The Group applied the amendments since January 1, 2023. The Group defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty.

Note 3: The Group applied the amendments and recognized a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Group applied the amendments and recognized a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

### **Classification of Current and Non-current Assets and Liabilities**

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 13 and Table 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

### **Foreign Currencies**

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

### **Inventories**

Inventories consist of raw materials, supplies, finished goods, work-in-progress and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

## **Property, Plant and Equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Impairment of Property, Plant and Equipment, Right-of-use Assets and Assets Related to Contract Costs**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

## **Financial Instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified as financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL:

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

b) Financial assets at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable and trade receivables at amortized cost, other receivables, time deposits with original maturities of more than 3 months and restricted assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

c) Investments in equity instruments at FVTOCI:

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### **Revenue Recognition**

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

#### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of non-woven fabrics, and is recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

### **Leases**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### **Government Grants**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

### **Employee Benefits**

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **a. Current tax**

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the Republic of China (R.O.C.), an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### **b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 1,296	\$ 1,285
Checking accounts and demand deposits	140,329	405,273
Cash equivalents (investments with original maturities of 3 months or less)	<u>872,164</u>	<u>-</u>
	<u>\$ 1,013,789</u>	<u>\$ 406,558</u>

The market rate intervals of cash in banks at the end of the reporting period were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Interest rate (per annum)	0.25%-4.60%	0.04%-0.52%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Financial assets mandatorily classified as at FVTPL		
Domestic funds	\$ -	\$ 332,413

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 526,790	\$ 890,351
Restricted deposits	<u>3</u>	<u>3</u>
	<u>\$ 526,793</u>	<u>\$ 890,354</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 11,023</u>	<u>\$ -</u>

The market rates of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest rate (per annum)	1.30%-3.05%	0.21%-1.75%

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Investments in equity instruments at FVTOCI		
Domestic unlisted shares		
Universal Investment Incorporation	\$ 35,910	\$ 46,169
Everspring Enterprises Inc.	29,154	40,801
Fu Hua Venture Capital Inc.	<u>115</u>	<u>420</u>
	<u>\$ 65,179</u>	<u>\$ 87,390</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. Fu Hua Venture Capital Inc. resolved its liquidation at the shareholders' interim meeting on June 14, 2022 and completed the liquidation procedures on February 15, 2023. The Group will recognize the relevant gains and losses after receiving its share from the distribution of property.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
From operations	\$ <u>541</u>	\$ <u>5,890</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 69,528	\$ 89,614
Less: Allowance for impairment loss	<u>(365)</u>	<u>(365)</u>
	<u>\$ 69,163</u>	<u>\$ 89,249</u>

### Trade receivables

The average credit period of sales of goods was 60 days, and no interest was charged on trade receivables.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer and the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

### December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 121 Days Past Due	Total
Expected credit loss rate	0.52%	-	-	-	-	0.52%
Gross carrying amount	\$ 69,528	\$ -	\$ -	\$ -	\$ -	\$ 69,528
Loss allowance (Lifetime ECLs)	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(365)</u>
Amortized cost	<u>\$ 69,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,163</u>

### December 31, 2021

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 121 Days Past Due	Total
Expected credit loss rate	0.41%	-	-	-	-	0.41%
Gross carrying amount	\$ 89,614	\$ -	\$ -	\$ -	\$ -	\$ 89,614
Loss allowance (Lifetime ECLs)	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(365)</u>
Amortized cost	<u>\$ 89,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,249</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1 and December 31	\$ <u>365</u>	\$ <u>365</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Finished goods	\$ 78,714	\$ 97,527
Raw materials and supplies	43,792	70,857
Merchandise	<u>1,604</u>	<u>1,729</u>
	<u>\$ 124,110</u>	<u>\$ 170,113</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$510,294 thousand and \$751,250 thousand, respectively.

The amount of cost of goods sold for the years ended December 31, 2022 and 2021 included \$899 thousand and \$400 thousand of inventory write-downs, respectively.

## 12. OTHER CURRENT ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other receivables	\$ 9,872	\$ 5,173
Prepayments	1,340	1,692
Prepayments for inventories	618	809
Excess VAT paid	136	86
Others	<u>37</u>	<u>16</u>
	<u>\$ 12,003</u>	<u>\$ 8,316</u>

### 13. SUBSIDIARIES

#### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Percentage of Ownership (%)	
			December 31 2022	December 31 2021
Universal Incorporation	Hong Kong Universal Incorporation International Investment	Investment	79.01	79.01
Hong Kong Universal Incorporation	Xiamen Universal Incorporation	Production and wholesale of non-woven fabrics and its related products	100.00	100.00

### 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Property Under Construction	Total
<b>Cost</b>							
Balance at January 1, 2021	\$ 233,095	\$ 581,885	\$ 1,906,434	\$ 19,019	\$ 77,389	\$ 43,553	\$ 2,861,375
Additions	-	2,165	35,891	-	6,650	27,869	72,575
Disposals	-	(213)	(33,049)	-	(254)	-	(33,516)
Effects of foreign currency exchange differences	-	(569)	(1,502)	(30)	(12)	-	(2,113)
Reclassification	-	713	35,138	-	3,383	(39,234)	-
Balance at December 31, 2021	<u>\$ 233,095</u>	<u>\$ 583,981</u>	<u>\$ 1,942,912</u>	<u>\$ 18,989</u>	<u>\$ 87,156</u>	<u>\$ 32,188</u>	<u>\$ 2,898,321</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2021	\$ -	\$ 203,850	\$ 1,393,184	\$ 16,069	\$ 40,968	\$ -	\$ 1,654,071
Disposals	-	(213)	(30,686)	-	(220)	-	(31,119)
Depreciation expenses	-	13,748	43,754	344	5,186	-	63,032
Effects of foreign currency exchange differences	-	(411)	(848)	(27)	(8)	-	(1,294)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 216,974</u>	<u>\$ 1,405,404</u>	<u>\$ 16,386</u>	<u>\$ 45,926</u>	<u>\$ -</u>	<u>\$ 1,684,690</u>
Carrying amounts at December 31, 2021	<u>\$ 233,095</u>	<u>\$ 367,007</u>	<u>\$ 537,508</u>	<u>\$ 2,603</u>	<u>\$ 41,230</u>	<u>\$ 32,188</u>	<u>\$ 1,213,631</u>
<b>Cost</b>							
Balance at January 1, 2022	\$ 233,095	\$ 583,981	\$ 1,942,912	\$ 18,989	\$ 87,156	\$ 32,188	\$ 2,898,321
Additions	-	3,374	7,707	-	905	2,557	14,543
Disposals	-	(2,371)	(13,078)	(2,747)	(1,211)	-	(19,407)
Effects of foreign currency exchange differences	-	1,651	4,349	86	31	(4)	6,113
Reclassification	-	916	24,978	-	-	(25,894)	-
Balance at December 31, 2022	<u>\$ 233,095</u>	<u>\$ 587,551</u>	<u>\$ 1,966,868</u>	<u>\$ 16,328</u>	<u>\$ 86,881</u>	<u>\$ 8,847</u>	<u>\$ 2,899,570</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2022	\$ -	\$ 216,974	\$ 1,405,404	\$ 16,386	\$ 45,926	\$ -	\$ 1,684,690
Disposals	-	(2,183)	(13,021)	(2,409)	(1,180)	-	(18,793)
Depreciation expenses	-	14,272	41,941	267	4,801	-	61,281
Effects of foreign currency exchange differences	-	1,214	2,514	76	25	-	3,829
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 230,277</u>	<u>\$ 1,436,838</u>	<u>\$ 14,320</u>	<u>\$ 49,572</u>	<u>\$ -</u>	<u>\$ 1,731,007</u>
Carrying amounts at December 31, 2022	<u>\$ 233,095</u>	<u>\$ 357,274</u>	<u>\$ 530,030</u>	<u>\$ 2,008</u>	<u>\$ 37,309</u>	<u>\$ 8,847</u>	<u>\$ 1,168,563</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

<b>Buildings</b>	
Main buildings	4-52 years
Interior renovation	29-45 years
Substructure construction	40-45 years
Electrical power and plumbing system	10-40 years
Machinery and equipment	3-25 years
Transportation equipment	5-10 years
Miscellaneous equipment	3-11 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 6,858	\$ 7,049
Office equipment	<u>220</u>	<u>35</u>
	<u>\$ 7,078</u>	<u>\$ 7,084</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Depreciation charge for right-of-use assets		
Land	\$ 303	\$ 297
Office equipment	<u>39</u>	<u>39</u>
	<u>\$ 342</u>	<u>\$ 336</u>

Except for the depreciation expenses disclosed above, The Company did not occurred any materiality sublease or identified impairment in 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 37</u>	<u>\$ 42</u>
Non-current	<u>\$ 188</u>	<u>\$ -</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Office equipment	6.49%	5.38%

## 16. BORROWINGS

### Short-term Borrowings

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Secured borrowings (Note 27)</u>		
Bank loans	<u>\$ 15,829</u>	<u>\$ -</u>

The weighted average effective interest rate on bank loans was 2.46% per annum at December 31, 2022.

## 17. OTHER PAYABLES

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Payables for salaries or bonuses	\$ 13,605	\$ 29,913
Payables for purchases of equipment	10,022	11,584
Payables for utilities expense	4,947	3,423
Payables for sales tax	883	151
Other	<u>5,473</u>	<u>8,043</u>
	<u>\$ 34,930</u>	<u>\$ 53,114</u>

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act of R.O.C. is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plan were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 22,911	\$ 27,713
Fair value of plan assets	<u>(15,071)</u>	<u>(16,435)</u>
Net defined benefit liabilities	<u>\$ 7,840</u>	<u>\$ 11,278</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	<u>\$ 41,024</u>	<u>\$ (19,980)</u>	<u>\$ 21,044</u>
Net interest expense (income)	<u>154</u>	<u>(75)</u>	<u>79</u>
Recognized in profit or loss	<u>154</u>	<u>(75)</u>	<u>79</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(270)	(270)
Actuarial loss - changes in demographic assumptions	555	-	555
Actuarial gain - changes in financial assumptions	(482)	-	(482)
Actuarial gain - experience adjustments	<u>(7,286)</u>	<u>-</u>	<u>(7,286)</u>
Recognized in other comprehensive income	<u>(7,213)</u>	<u>(270)</u>	<u>(7,483)</u>
Contributions from the employer	-	(2,362)	(2,362)
Benefits paid	<u>(6,252)</u>	<u>6,252</u>	<u>-</u>
Balance at December 31, 2021	<u>27,713</u>	<u>(16,435)</u>	<u>11,278</u>
Net interest expense (income)	<u>130</u>	<u>(62)</u>	<u>68</u>
Recognized in profit or loss	<u>130</u>	<u>(62)</u>	<u>68</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,343)	\$ (1,343)
Actuarial gain - changes in financial assumptions	(769)	-	(769)
Actuarial gain - experience adjustments	<u>(636)</u>	<u>-</u>	<u>(636)</u>
Recognized in other comprehensive income	<u>(1,405)</u>	<u>(1,343)</u>	<u>(2,748)</u>
Contributions from the employer	-	(758)	(758)
Benefits paid	<u>(3,527)</u>	<u>3,527</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 22,911</u>	<u>\$ 15,071</u>	<u>\$ 7,840</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Therefore, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.125%	0.625%
Expected rate of salary increase	1.500%	1.500%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	\$ (366)	\$ (474)
0.25% decrease	\$ 378	\$ 490
Expected rate of salary increase/decrease		
0.25% increase	\$ 370	\$ 478
0.25% decrease	\$ (360)	\$ (465)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plan for the next year	\$ 746	\$ 789
Average duration of the defined benefit obligation	6.5 years	6.9 years

## 19. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	130,000	130,000
Shares authorized	\$ 1,300,000	\$ 1,300,000
Number of shares issued and fully paid (in thousands)	85,281	85,281
Shares issued	\$ 852,812	\$ 852,812

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Difference between the consideration paid and the carrying amount of the subsidiaries' net assets during acquisition	\$ 2,957	\$ 2,957
Asset donation	376	304
	<u>\$ 3,333</u>	<u>\$ 3,261</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

According to the dividend distribution policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, setting aside as cash dividends at \$0.30 per share, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19-7.

Pursuant to the Company's dividend policy, an appropriate amount of the surplus is retained before determining the amount of dividends to be distributed, taking into consideration the Company's operating conditions, financial status and other relevant factors. Dividends may be distributed in the form of both cash and stock; however, the issuance of cash dividends take precedence over stock dividends, and the proportion of stock dividends is capped at 90% of the total dividends distributed for the year. Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in-capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in-capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers on Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for the years ended December 31, 2021 and 2020 approved in the shareholders' meetings on June 29, 2022 and July 30, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 27,838</u>	<u>\$ 197,498</u>
Cash dividends	<u>\$ 170,562</u>	<u>\$ 1,023,374</u>
Cash dividends per share as set forth in the Articles (NT\$)	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Cash dividends per share resolved in the board of directors' meeting (NT\$)	<u>\$ 1.70</u>	<u>\$ 11.70</u>

The appropriations of earnings for the year ended December 31, 2022 approved by the board of directors on March 24, 2023 were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 1,658</u>
Special reserve	<u>\$ 5,391</u>
Cash dividends	<u>\$ 42,641</u>
Cash dividends per share as set forth in the Articles (NT\$)	<u>\$ 0.30</u>
Cash dividends per share resolved in the board of directors' meeting (NT\$)	<u>\$ 0.20</u>

The appropriations of earnings for the year ended December 31, 2022 are subject to the resolution of the shareholders in their meeting to be held on June 27, 2023.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 147,481	\$ 179,174
Reversals:		
Disposal of property, plant and equipment	(174)	-
Reversal of the debits to other equity items	<u>-</u>	<u>(31,693)</u>
Balance at December 31	<u>\$ 147,307</u>	<u>\$ 147,481</u>

e. Other equity items

1) Remeasurement of defined benefit plans

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (2,579)	\$ (8,565)
Remeasurement of defined benefit plans	2,748	7,483
Related income tax expense	<u>(550)</u>	<u>(1,497)</u>
Balance at December 31	<u>\$ (381)</u>	<u>\$ (2,579)</u>

2) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (22,679)	\$ (20,542)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>5,936</u>	<u>(2,137)</u>
Balance at December 31	<u>\$ (16,743)</u>	<u>\$ (22,679)</u>

3) Unrealized gain/(loss) on financial assets at FVTOCI

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 33,944	\$ 72,673
Unrealized gain/(loss) - equity instruments	<u>(22,211)</u>	<u>(38,729)</u>
Balance at December 31	<u>\$ 11,733</u>	<u>\$ 33,944</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 100,297	\$ 101,751
Share of profit for the year	(3,054)	(886)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign operations	<u>1,577</u>	<u>(568)</u>
Balance at December 31	<u>\$ 98,820</u>	<u>\$ 100,297</u>

**20. PROFIT BEFORE INCOME TAX**

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits and financial assets at amortized cost	<u>\$ 21,274</u>	<u>\$ 9,089</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividends	\$ 1,799	\$ 3,373
Rental income	364	117
Others	<u>1,406</u>	<u>14,055</u>
	<u>\$ 3,569</u>	<u>\$ 17,545</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain/(losses) on disposal of property, plant and equipment	\$ 6,916	\$ (2,379)
Fair value changes of financial assets		
Financial assets designated as at FVTPL	(1,056)	(1,754)
Gain on disposal of financial assets	1,550	3,883
Net foreign currency exchange losses	(6,521)	(6,752)
Others	<u>(185)</u>	<u>(204)</u>
	<u>\$ 704</u>	<u>\$ (7,206)</u>

d. Finance costs

**For the Year Ended December 31**

	<b>2022</b>	<b>2021</b>
Interest on bank borrowings	\$ 12	\$ 10
Interest on lease liabilities	<u>2</u>	<u>3</u>
	<u>\$ 14</u>	<u>\$ 13</u>

e. Depreciation and amortization

**For the Year Ended December 31**

	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 61,281	\$ 63,032
Right-of-use assets	<u>342</u>	<u>336</u>
	<u>\$ 61,623</u>	<u>\$ 63,368</u>
An analysis of depreciation by function		
Operating costs	\$ 60,835	\$ 62,591
Operating expenses	<u>788</u>	<u>777</u>
	<u>\$ 61,623</u>	<u>\$ 63,368</u>

f. Employee benefits expense

**For the Year Ended December 31**

	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 98,288	\$ 162,943
Post-employment benefits		
Defined contribution plans	3,193	4,963
Defined benefit plans	<u>68</u>	<u>79</u>
Total employee benefits expense	<u>\$ 101,549</u>	<u>\$ 167,985</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 71,362	\$ 122,911
Operating expenses	<u>30,187</u>	<u>45,074</u>
	<u>\$ 101,549</u>	<u>\$ 167,985</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at the rates of no less than 0.5% to 5% and no higher than 2.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on March 24, 2023 and March 25, 2022, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Compensation of employees	0.5%	2.5%
Remuneration of directors	0.2%	1.0%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 119	\$ 10,106
Remuneration of directors	47	4,042

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 21. INCOME TAXES

a. Income tax recognized in profit or loss:

Major components of income tax expense recognized in profit or loss:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 7,347	\$ 77,285
Income tax on unappropriated earnings	3,999	37,313
Adjustments for prior years	(1,330)	10
Deferred tax		
In respect of the current year	<u>(3,031)</u>	<u>(2,580)</u>
Income tax expense recognized in profit or loss	<u>\$ 6,985</u>	<u>\$ 112,028</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 20,511</u>	<u>\$ 389,520</u>
Income tax expense calculated at the statutory rate	\$ 4,713	\$ 78,019
Income tax on unappropriated earnings (5%)	3,999	37,313
Nondeductible expenses in determining taxable income	-	14
Tax-exempt income	(459)	(1,102)
Unrecognized deductible temporary differences	62	(2,226)
Adjustments for prior years' tax	<u>(1,330)</u>	<u>10</u>
Income tax expense recognized in profit or loss	<u>\$ 6,985</u>	<u>\$ 112,028</u>

In the ROC, the corporate income tax rate is 20%. The tax rate applicable to subsidiaries in China is 25%.

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit plans	\$ 1,611	\$ (138)	\$ -	\$ 1,473
Allowance for write-down of inventories	1,605	180	-	1,785
Unrealized gross profit	31	282	-	313
Remeasurement of defined benefit plans	645	-	(550)	95
Unrealized exchange losses	<u>1,251</u>	<u>469</u>	<u>-</u>	<u>1,720</u>
	<u>\$ 5,143</u>	<u>\$ 793</u>	<u>\$ (550)</u>	<u>\$ 5,386</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Provisions of land value increment tax	\$ 48,265	\$ -	\$ -	\$ 48,265
Income tax on unappropriated earnings of subsidiaries	<u>3,545</u>	<u>(2,238)</u>	<u>-</u>	<u>1,307</u>
	<u>\$ 51,810</u>	<u>\$ (2,238)</u>	<u>\$ -</u>	<u>\$ 49,572</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit plans	\$ 2,067	\$ (456)	\$ -	\$ 1,611
Allowance for write-down of inventories	1,526	79	-	1,605
Unrealized gross profit	145	(114)	-	31
Remeasurement of defined benefit plans	2,142	-	(1,497)	645
Unrealized exchange losses	<u>1,073</u>	<u>178</u>	<u>-</u>	<u>1,251</u>
	<u>\$ 6,953</u>	<u>\$ (313)</u>	<u>\$ (1,497)</u>	<u>\$ 5,143</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Provisions of land value increment tax	\$ 48,265	\$ -	\$ -	\$ 48,265
Repatriated investment tax credits	2,188	(2,188)	-	-
Income tax on unappropriated earnings of subsidiaries	<u>4,250</u>	<u>(705)</u>	<u>-</u>	<u>3,545</u>
	<u>\$ 54,703</u>	<u>\$ 2,893</u>	<u>\$ -</u>	<u>\$ 51,810</u>

c. Income tax assessments

The tax returns of the Company through 2021 have been assessed by the tax authorities.

**22. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.19</u>	<u>\$ 3.26</u>
Diluted earnings per share	<u>\$ 0.19</u>	<u>\$ 3.24</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic earnings per share and diluted earnings per share	<u>\$ 16,580</u>	<u>\$ 278,378</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	85,281	85,281
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>61</u>	<u>526</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>85,342</u>	<u>85,807</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 23. NON-CASH TRANSACTIONS

During the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase in property, plant and equipment	\$ (14,543)	\$ (72,575)
Decrease in payables for purchases of equipment	<u>(1,509)</u>	<u>(20,084)</u>
Net cash used in acquisition of property, plant and equipment	<u>\$ (16,052)</u>	<u>\$ (92,659)</u>

## 24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, capital surplus, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

## 25. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at amortized cost time deposits with original maturities of more than 3 months and restricted assets	\$ -	\$ -	\$ 537,816	\$ 537,816
Cash and cash equivalents, notes receivable, trade receivables and other receivables	-	-	1,093,365	1,093,365
<u>Financial liabilities</u>				
Short-term borrowings	-	-	15,829	15,829
Trade payables and other payables	-	-	35,923	35,923

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at amortized cost time deposits with original maturities of more than 3 months and restricted assets	\$ -	\$ -	\$ 890,354	\$ 890,354
Cash and cash equivalents, notes receivable, trade receivables and other receivables	-	-	507,410	507,410
<u>Financial liabilities</u>				
Trade payables and other payables	-	-	59,242	59,242

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 65,179	\$ 65,179

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments at FVTPL				
Domestic funds	\$ 332,413	\$ -	\$ -	\$ 332,413

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 87,390	\$ 87,390

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	<u>Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments</u>	
	2022	2021
Balance at January 1	\$ 87,390	\$ 126,815
Recognized in other comprehensive income	(22,211)	(38,729)
Capital reduction	-	(696)
Balance at December 31	<u>\$ 65,179</u>	<u>\$ 87,390</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted shares were determined using the asset approach, and the main unobservable input used by the Group is the discount for lack of marketability of 20%. A 1% increase in the discount for lack of marketability while other inputs remain unchanged would lead to a decrease in the fair value as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Decrease in the fair value	\$ 813	\$ 1,092

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 332,413
Financial assets at amortized cost (Note 1)	1,631,181	1,397,764
Financial assets at FVTOCI		
Investment in equity instruments	65,179	87,390
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	51,977	59,284

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, time deposits with original maturities of more than 3 months and restricted deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, other payables and lease liabilities.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's treasury department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis, and the Group does not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks as follows:

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar ("USD").

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 9,647	\$ 830

This was mainly attributable to the exposure on outstanding USD demand deposits, time deposits, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Group's financial assets with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flow interest rate risk		
Financial assets	\$ 1,534,480	\$ 1,295,627

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank demand deposits, time deposits and short-term borrowings. The Group's cash flow interest rate risk is mainly concentrated in the fluctuation of the bank demand deposits, time deposits and short-term borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$3,836 thousand and \$3,239 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in financial assets at FVTOCI. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to the price risks of financial assets at the end of the reporting period.

If the prices of financial assets had been 1% higher/lower, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ <u>          -</u>	\$ <u>  3,324</u>

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The operating department has recorded the evaluation of clients' credit and transaction and financial status to determine transaction terms and payment terms. The Group has continuously monitored the exposure risk of credit and credit ratings of clients. The operating department reviews the maximum transaction amounts and terms on a yearly basis to control credit risk.

In order to mitigate credit risk, the management of the Group delegated the operating department to evaluate and verify the credit of clients, and implement credit approval and other monitoring procedures to ensure that appropriate action has been taken. In addition, the Group will review the recoverable amount of the receivables on a case-by-case basis at the balance sheet date to ensure that an appropriate loss allowance has been set aside for the unrecoverable receivables. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the Group's counterparties are banks with high credit ratings given by international credit rating agencies, no concentration of credit risk was observed.

The Group has continuously monitored the collection of receivables and analyzed the aging of trade receivables, strengthened collection and credit management of overdue receivables, and monitored the financial status of customers.

Except for companies E, F and I, the major customers of the Group, the Group does not have significant credit risk against any single counterparty or any group of counterparties with similar characteristics. When counterparties are related enterprises, the Group defines them as counterparties with similar characteristics.

The credit risk of the Group is mainly concentrated in the main customers of the Group, companies E, F and I, and the ratios of their receivables to the total trade receivables are as follows:

Customer	For the Year Ended December 31,	
	2022	2021
E	40%	38%
F	15%	21%
I	14%	12%

The Group does not hold any collateral or other credit enhancements to hedge the credit risk of financial assets.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group had available unutilized overdraft and short-term bank loan facilities as set out below:

	December 31	
	2022	2021
Unutilized overdraft	\$ 231,780	\$ 343,353

#### Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

#### December 31, 2022

	Less than 3 Months	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 20,475	\$ 1,140	\$ 14,308	\$ -	\$ -
Lease liabilities	-	8	29	188	-
Variable interest rate liabilities	<u>15,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 36,304</u>	<u>\$ 1,148</u>	<u>\$ 14,337</u>	<u>\$ 188</u>	<u>\$ -</u>

#### December 31, 2021

	Less than 3 Months	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 28,192	\$ 1,591	\$ 29,459	\$ -	\$ -
Lease liabilities	<u>4</u>	<u>7</u>	<u>31</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,196</u>	<u>\$ 1,598</u>	<u>\$ 29,490</u>	<u>\$ -</u>	<u>\$ -</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 3,529	\$ 9,886
Post-employment benefits	<u>70</u>	<u>70</u>
	<u>\$ 3,599</u>	<u>\$ 9,956</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for short-term bank loan facilities:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Freehold land	\$ 89,550	\$ 143,242
Buildings	<u>94,773</u>	<u>103,010</u>
	<u>\$ 184,323</u>	<u>\$ 246,252</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unused letters of credit	<u>\$ 2,391</u>	<u>\$ 6,647</u>

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	<b>December 31, 2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 30,842	30.71 (USD:NTD)	\$ 947,158
USD	571	6.9646 (USD:RMB)	17,535
EUR	1	32.72 (EUR:NTD)	33
RMB	142	4.408 (RMB:NTD)	626
JPY	72	0.2324 (JPY:NTD)	17
KRW	328	0.02457 (KRW:NTD)	<u>8</u>
			<u>\$ 965,377</u>
	<b>December 31, 2021</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 2,147	27.68 (USD:NTD)	\$ 59,429
USD	861	6.3757 (USD:RMB)	23,832
EUR	703	31.32 (EUR:NTD)	22,018
RMB	142	4.344 (RMB:NTD)	617
JPY	116,424	0.2405 (JPY:NTD)	28,000
KRW	328	0.0235 (KRW:NTD)	<u>8</u>
			<u>\$ 133,904</u>
<u>Foreign currency denominated liabilities</u>			
Monetary items			
USD	7	27.68 (USD:NTD)	<u>\$ 194</u>

For the years ended December 31, 2022 and 2021, unrealized net foreign exchange losses were \$8,601 thousand and \$6,254 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

### 30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees

- 1) Financing provided. (Table 1)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held. (Table 2)
- 4) Marketable securities acquired or disposed of at cost or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisitions of real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
- 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Information about derivative financial instrument transactions. (None)
- 10) Others: Intercompany relationships and significant intercompany transactions. (None)

b. Information on investees (Table 3)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inflow and outflow of capital, percentage of ownership, investment gain or loss, ending balance, amount received as dividends from the investee and limitation on investee. (Table 4)
- 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
  - a) The purchase amounts and percentage of total purchases and the payables' balances and percentage of the total payables at the end of the period. (None)
  - b) The sales amounts and percentage of total sales and the receivables' balances and percentage of the total receivables at the end of the period. (None)
  - c) The amount of property transactions and the amount of the related gains or losses. (None)
  - d) The ending balance of negotiable instrument endorsements/guarantees or pledges of collateral and the related purposes. (None)
  - e) The highest balance during the period, the ending balance, the interest rate range, and total interest for the period in respect of financial funding. (Table 1)
  - f) Other transactions that have a significant effect on the profit or loss or the financial position, such as the rendering or receipt of services. (None)

d. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5)

### 31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a. Revenue from major products and services

The main products and services of the continued business units of the Group are all engaged in the production and marketing of nonwovens and related products, which are single main products and services.

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taiwan	\$ 453,994	\$ 896,698	\$ 1,032,939	\$ 1,070,571
Northeast Asia	60,895	73,403	-	-
China	24,165	114,758	144,422	150,363
United States	11,813	33,603	-	-
Southeast Asia	3,101	57,460	-	-
Europe	-	15,121	-	-
	<u>\$ 553,968</u>	<u>\$ 1,191,043</u>	<u>\$ 1,177,361</u>	<u>\$ 1,220,934</u>

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
Customer A	\$ 120,484	22%	\$ 115,385	10%
Customer B	106,251	19%	110,247	9%
Customer C	18,011	3%	260,700	22%

**UNIVERSAL INCORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Reasons for Short-term Financing (Note 3)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
												Item	Value		
0	Universal Incorporation	Xiamen Universal Incorporation (Note 1)	Other receivables - related parties	Yes	\$ 144,400 (US\$ 5,000)	\$ - (US\$ -)	\$ -	-	Short-term financing	Operational turnaround	\$ -	None	None	\$ 1,112,075 (Note 4)	\$ 1,112,075 (Note 4)

Note 1: Investee companies accounted for using the equity method.

Note 2: In accordance with Article 14, Item 1 of the "Guidelines for the Treatment of Capital Loans and Endorsement Guarantees for Public Offering Companies", if the funds are lent and submitted individually to the board of directors for resolution, although the funds have not yet been allocated, the amount resolved by the board should still be included in the balance of the announcement to disclose the risks borne by them; However, if the funds are repaid later, the balance after repayment should be disclosed to reflect the adjustment of risk. On February 8, 2021, the board of directors of Universal Corporation approved a capital loan with Xiamen Universal Incorporation. with a quota of US\$5,000 thousand, which expired on February 7, 2022 at the exchange rate of USD1=NTD28.88.

Note 3: Short-term financing needs.

Note 4: Financing limit is 40% of the net value of Universal Incorporation., Ltd. based on its most recent audited financial statements (for the year ended December 31, 2022).

Note 5: The amounts relating to the above transactions have been eliminated in the preparation of the consolidated financial statements.

**UNIVERSAL INCORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Universal Incorporation	<u>Common stocks</u> Universal Investment Incorporation	The holding company of the Company	Financial assets at FVTOCI - non-current	1,686,623	\$ 35,910	3.09	\$ 35,910	Note 1
	Everspring Enterprises Inc.	Substantial related party	Financial assets at FVTOCI - non-current	872,813	29,154	11.30	29,154	Note 1
	Fu Hua Venture Capital Inc.	-	Financial assets at FVTOCI - non-current	7,499	115	2.50	115	Notes 1 and 3

Note 1: It is calculated based on the fair value of the equity of the investee company at the balance sheet date according to the proportion of shareholding.

Note 2: For information on investments in subsidiaries, please refer to Tables 3 and 4.

Note 3: Fu Hua Venture Capital Inc. resolved its liquidation at the special meeting of shareholders on June 14, 2022, and completed the liquidation procedures on February 15, 2023. The Group will recognize the relevant profits and losses after receiving its share from the distribution of property.

## UNIVERSAL INCORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2022	December 31, 2021	Number of Shares	(%)	Carrying Amount			
Universal Incorporation	Hong Kong Universal Incorporation International Investment	ROOM 1912,C C WU BUILDING, 302 HENNESSY ROAD, WANCHAI, HONG KONG	Investment holding	\$ 341,721	\$ 341,721	89,246,160	79.01	\$ 371,976	\$ (14,548)	\$ (11,494)	
Hong Kong Universal Incorporation International Investment	Xiamen Universal Incorporation	No. 77, Hongtang Road, Tongan District, Xiamen	Production and marketing of nonwovens and their processed products	411,228 (HK\$ 107,007 thousands)	411,228 (HK\$ 107,007 thousands)	-	100.00	470,759	(14,548)	(14,548)	

Note 1: The amounts were calculated based on the most recent audited financial statements (for the year ended December 31, 2022).

Note 2: The amounts relating to the share of subsidiaries and joint ventures have been eliminated in the preparation of the consolidated financial statements.

Note 3: For information on investee companies in mainland China, please refer to Table 4.

## UNIVERSAL INCORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investee Company's Current Net Income	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Xiamen Universal Incorporation	Production and marketing of nonwovens and their processed products	\$ 462,486 (US\$ 15,000,000)	Note 1	\$ 341,721 (US\$ 10,996,530)	\$ -	\$ -	\$ 341,721 (US\$ 10,996,530)	\$ (14,548)	79.01	\$ (11,494)	\$ 371,976	\$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 341,721 (US\$ 10,996,530)	\$ 341,721 (US\$ 10,996,530)	\$ 1,668,113

Note 1: The company is held through investment in another company in a third region (Hong Kong Universal Incorporation International Investment).

Note 2: Calculated based on the most recent financial statements (for the year ended December 31, 2022) of the investee company based on the shareholding ratio.

Note 3: The amount was converted using the exchange rate prevailing at the time of investment.

Note 4: The investment limit is 60% of the net value or NT\$80,000,000, whichever is higher.

Note 5: The amounts relating to the share of subsidiaries or joint ventures have been eliminated in the preparation of the consolidated financial statements.

**TABLE 5****UNIVERSAL INCORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Universal Investment Incorporation	24,594,800	28.83
Fu Lin Business Development Foundation	5,537,596	6.49

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.