

Stock code:1325



UNIVERSAL INCORPORATION

2024 Annual Shareholders' Meeting

Meeting Handbook

June 21, 2024

Notice to readers

This English-version meeting handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Universal Incorporation

2024 Annual Shareholders' Meeting Procedure

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Matters for Ratification
5. Provisional Motion
6. Meeting Adjourned

Universal Incorporation

2024 Shareholder's Meeting Agenda

Type of Meeting: Physical Meeting

Time: 09:00 a.m. on Friday, June 21, 2024

Place: First meeting room, 3F., No. 350, Songjiang Rd., Zhongshan Dist., Taipei City
(Importers and Exporters Association of Taipei)

1. Report Items :

1.1 2023 Business Report

1.2 2023 Audit Committee's Review Report.

1.3 Distribution of Remuneration to Employees and Directors in 2023.

1.4 Distribution of Cash Dividend in 2023.

2. Matters for Ratification :

2.1 Ratification of 2023 business report and financial statements

2.2 Ratification of 2023 earnings distribution proposal

3. Provisional Motion :

4. Meeting Adjourned :

1. Report Items

First case:

2023 Business Report

Explanation :

2023 Business Report, please refer to pages 6~9 of the Business Report as Attachment 1.

Second case:

2023 audit committee's review report

Explanation :

1. 2023 Business report and Financial statements, audited by accountant and Audit Committee to provide audit report respectively.
2. Ask the Audit Committee to read the audit report. Please refer to pages 10 of the Audit Committee's Review Report as Attachment 2.

Third case:

Distribution of Remuneration to Employees and Directors in 2023

Explanation :

The Board of Directors have approved the distribution of Employee remuneration of NT\$850,763 and directors remuneration of NT\$283,588 on March 15, 2024, as below:

1. The Company's profit in 2023 (i.e., the profit before tax at that year before deducting the compensation of employees and directors) is NT\$26,915,641.(i.e., Net profit before tax after deducting compensation is NT\$25,781,290 and add back employee's remuneration NT\$850,763 and directors' remuneration NT\$283,588 in the financial statement).
2. According to Articles of Incorporation, the company can distribute some bonus of profits, allocate 0.5% to 5% for employee's remuneration and no higher than 2.5% for directors' remuneration.
3. According to Articles of Incorporation, the company allocates 3.16085% of profit for employee's remuneration NT\$850,763 and 1.05362% of profit for directors' remuneration NT\$283,588.
4. The employee's remuneration and directors' remuneration are all paid in cash.

Forth case :

Distribution of Cash Dividend in 2023

Explanation :

1. On March 15, 2024 the Company's profit distribution of 2023 has been approved by the Board of Directors. The resolution was NT\$0.6 per share in cash, the total amount is NT\$51,168,719, cash dividend

distribution as below:

The company's profit after tax in 2023 is NT\$17,754,653, and appropriate 10% as legal reserve NT\$1,775,465, and reversed the special reserve NT\$5,390,526, the distributable surplus is NT\$1,313,780,818, the Board of Directors approve to distribute dividends and bonuses total NT\$0.6 per share in cash, total amount of shareholder's cash dividend is NT\$51,168,719 which belong surplus of 2023 is NT\$15,979,188 and undistributed surplus of 1998 to 2022 is NT\$35,189,531. Cash dividends will be distributed up to Yuan (rounded down below yuan), the total fractional amount shall be included in the capital surplus of the company.

2. Matters for Ratification

First case :

Ratification of 2023 business report and financial statements (Proposed by the Board of Directors)

Explanation :

1. All financial statements of 2023, including balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement, were audited by Chu, Szu-Lan & Chang, Chun-Yi of Deloitte & Touche Tohmatsu Limited and provide audit report with unmodified opinion.
2. The above financial statements and business report were passed by the Board of Directors and completed audit by Audit Committee. Regarding to business report, please refer to pages 6~9 as Attachment 1, Regarding to independent auditors' report and financial statements, please refer to pages 11~30 as Attachment 3 and 4.

Resolution:

Second case :

Ratification of 2023 earnings distribution proposal (Proposed by the Board of Directors)

Explanation :

1. The company's distributable earnings are explained as follows: unappropriated earnings of beginning of 2023 was NT\$1,292,411,104 and add profit after tax is NT\$17,754,653 in 2023, appropriate 10% as legal reserve NT\$1,775,465 and because the total amount of other equity items of shareholders' equity was plus, reversed the special reserve NT\$5,390,526 in accordance with regulations, total available for distribution surplus is NT\$1,313,780,818.

2. The proposal for the earnings distribution of the 2023 according to Articles of Incorporation, distribute dividends and bonuses total NT\$0.6 per share in cash, total amount of shareholder's cash dividend is NT\$51,168,719, which belong surplus of 2023 is NT\$15,979,188 and undistributed surplus of 1998 to 2022 is NT\$35,189,531. Cash dividends will be distributed up to Yuan (rounded down below yuan), the total fractional amount shall be included in the capital surplus of the company.
3. Regarding 2023 Earnings Distribution Table, please refer to pages 31 as Attachment 5.

Resolution:

3. Provisional Motion
4. Meeting Adjourned

Attachment 1 :

Universal Incorporation

2023 Business Report

1. Business plan implementation results

The total consolidated net sales revenue in 2023 was NT\$405,763 thousand (the following currency is NT\$ in thousand), decrease 26.75% compared with 2022; the sales of various product in 2023 as follows: the sales revenue of nonwovens was NT\$348,333 thousand, accounted for 85.85% of the total net sales revenue, the sales revenue of converted masks was NT\$44,455 thousand, accounted for 10.95% of the total net sales revenue, and other sales revenue was NT\$12,975 thousand, accounted for 3.20% of the total net sales revenue; The consolidated sales volume of non-woven fabrics in 2023 was 5,316.2 tons, decrease 23.34% compared with 2022.

When the new coronavirus (Covid-19) outbreak in 2020, demand for raw materials and finished products of non-woven fabrics, masks and protective clothing are strong caused the peers expansion of the equipment of Spunbond, composite, Meltblown non-woven fabrics, mask. The peers completed expansion of the production capacity of non-woven fabrics and masks, and the material inventory for new coronavirus prevention was sufficient let demand decreased in the market, the capacity of the market was over supply and the market is very competitive. So the net sales revenue of the company in 2023 decreased compared with 2022.

The consolidated net profit after-tax in 2023 was NT\$12,739 thousand, and net profit attributable to owner of the company was NT\$17,755 thousand, and the earning per share was NT\$0.21. Earnings per share increased by NT\$0.02 compared with 2022, mainly due to the increase in interest income and exchange benefits from non-operating income.

The consolidated production and sales status in 2023 is hereby explained as below:

1.1 Consolidated production volume: The production volume of non-woven fabrics and the increase (decrease) situation are listed as the following table:

| Product Item | Unit | 2023 | 2022 | Increase (Decrease) | Growth rate (%) |
|-------------------------------|------|---------|---------|---------------------|-----------------|
| Spunbond & Composite Nonwoven | Ton | 5,208.4 | 6,731.6 | (1,523.2) | (22.63) |
| Meltblown Nonwoven | Ton | 56.0 | 98.5 | (42.5) | (43.15) |
| Nonwoven Total | Ton | 5,264.4 | 6,830.1 | (1,565.7) | (22.92) |
| Material Processing | Ton | 10.6 | 30.4 | (19.8) | (65.13) |

Note 1: Material converting includes laminating fabrics, post-treatment fabrics, high-efficiency filter media and laminating filter media, etc. Since the aforementioned products are produced by self-produced Spunbond and composite non-woven fabrics, Meltblown non-woven fabrics and other non-woven fabrics or made by laminating with purchased materials, etc., the total production volume of non-woven fabrics is not double-counted.

1.2 Consolidated sales volume and sales revenue:

Unit of sale volume : nonwoven fabric : Ton ; sale value : NT \$ in thousand

| Product Type | Unit | 2023 | | 2022 | | Increase (Decrease) | | Growth rate (%) | |
|-------------------------------|------|---------|---------------|---------|---------------|---------------------|---------------|-----------------|---------------|
| | | Volume | Sales revenue | Volume | Sales revenue | Volume | Sales revenue | Volume | Sales revenue |
| Spunbond & Composite Nonwoven | Ton | 5,271.9 | 338,731 | 6,847.4 | 442,999 | (1,575.5) | (104,268) | (23.01) | (23.54) |
| Meltblown Nonwoven | Ton | 35.0 | 7,783 | 64.8 | 14,734 | (29.8) | (6,951) | (45.99) | (47.18) |
| Material processing | Ton | 9.3 | 1,819 | 22.2 | 5,524 | (12.9) | (3,705) | (58.11) | (67.07) |
| Sub-total of Nonwoven | Ton | 5,316.2 | 348,333 | 6,934.4 | 463,257 | (1,618.2) | (114,924) | (23.34) | (24.81) |
| Converted Products | | | 44,455 | | 85,506 | | (41,051) | | (48.01) |
| Others | | | 12,975 | | 5,205 | | 7,770 | | 149.28 |
| Total | | | 405,763 | | 553,968 | | (148,205) | | (26.75) |

Note1: Material processing includes laminating fabric, post-treatment fabric, high efficiency filter media and laminating filter media, etc.; the converted product is mask.

Note 2: Others include raw materials, recycle PP, B Grade fabrics, international trade, etc.

2. Budget execution situation: Not applicable, because the company has not disclosed its financial forecast for 2023.

3. Overview of consolidated financial income and expenditure and profitability analysis:

3.1 Consolidated Financial Income and Expenditure

The comparison and analysis of the company's consolidated revenue, surplus and expenditure in 2023 and 2022as below:

Unit : NT\$ in thousand

| Item | 2023 | 2022 | Increase (Decrease) | Increase (Decrease) % |
|--|----------|---------|------------------------|--------------------------|
| Net sales | 405,763 | 553,968 | (148,205) | (26.75) |
| Gross (loss) profit | (375) | 43,674 | (44,049) | (100.86) |
| Loss from operations | (48,460) | (5,022) | 43,438 | 864.95 |
| Non-operating Income and expenses | | | | |
| Interest income | 52,428 | 21,274 | 31,154 | 146.44 |
| Other income | 3,662 | 3,569 | 93 | 2.61 |
| Other gains and losses | 13,164 | 704 | 12,460 | 1,769.89 |
| Finance cost | (28) | (14) | 14 | 100.00 |
| Total non-operating income and expenses | 69,226 | 25,533 | 43,693 | 171.12 |
| Profit before income tax | 20,766 | 20,511 | 255 | 1.24 |
| Net profit | 12,739 | 13,526 | (787) | (5.82) |
| Net profit Attributable to : | | | | |
| Owner of the Company | 17,755 | 16,580 | 1,175 | 7.09 |
| Noncontrolling interests | (5,016) | (3,054) | (1,962) | (64.24) |

Note: 1. Other income includes the total amount of dividend income, rental income and other income.

2. Other gains and losses: including net (loss) gain on foreign currency exchange, gains (loss) on disposal of property, plant and equipment, net gain on disposal of financial assets, net gain on financial assets at fair value through Profit or Loss, and other expenses.

3. Financial costs are interest on bank loans and lease liabilities.

3.2 Consolidated Profitability Analysis:

| Analytical item | Year | 2023 | 2022 |
|-----------------------------------|--------------------------|---------|---------|
| | | | |
| Return on assets (%) | | 0.43% | 0.44% |
| Return on equity (%) | | 0.44% | 0.46% |
| Capital ratio (%) | Loss from operations | (5.68%) | (0.59%) |
| | Profit before income tax | 2.44% | 2.41% |
| Net profit margin (%) | | 3.14% | 2.44% |
| Earnings per share (NT\$) (Note1) | | 0.21 | 0.19 |

Note 1: Calculated based on the weighted average number of shares outstanding. (The number of shares issued at the end of 2023and 2022were 85,281,198 shares each with a par value of NT\$10 per share)

4. Research and development status:

4.1 Main research results:

The company has been making continuous efforts in research and development.

The main research results are summarized as follows:

- (1). Research and development of general medical masks and colored medical masks, customized masks, 3D masks, and high-end masks.
- (2). Research and development of Meltblown non-woven fabrics and high-efficiency filter media.
- (3). Research and development of laminating filter media and air filter media.
- (4). Improved filter efficiency of melt-blown non-woven fabric.
- (5). Research and development of coarse denier non-woven fabrics.
- (6). Research and development of non-woven fabrics for skin care centered hydrophilic nonwoven fabrics.
- (7). Research and development of soft, silk soft and ultra-soft non-woven fabrics.
- (8). Research and development of SS hydrophilic soft non-woven fabric for composite film on diapers.
- (9). Research and development of SMMS permanent hydrophilic nonwoven fabric for the usage of diaper.
- (10). Research and development of impact penetration SMMS composite non-woven fabrics for medical use.
- (11). Development of SMS composite non-woven fabrics.
- (12). Research and development of Spunbond, Meltblown and composite elastic non-woven fabrics.
- (13). Research and development of antistatic non-woven fabrics with online spray treatment.
- (14). Research and development of composite material lamination.
- (15). Research on post-treatment process of SMS composite nonwoven fabric.
- (16). Research on post-treatment process of SMMS composite non-woven fabric.
- (17). Improvement of SMMS Alcohol Repellency, anti-static, anti-blood treatment for medical use.

President : Huang, Mei-Hui

Manager : Huang, Mei-Hui

Accounting Manager : Liao, Shu-Ji

Attachment 2

Universal Incorporation

Audit Committee Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Report and earnings distribution proposal. The financial Report have been audited by Deloitte & Touche Tohmatsu Limited and Independent auditors' report have been issued by the accountant. Above mentioned business report, Financial Report and earnings distribution proposal have been reviewed by the Audit Committee and there is no problem. The report as above according to the relevant provisions of the Securities Exchange Law and the Company Law.

Submitted to :
The Company's 2024 Annual Shareholders' Meeting

Audit Committee Convener :

Chang, Jin-Lian

On the Date of March 15, 2024

Attachment 3

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, 2023 and 2022, 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, 2023 and 2022, 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 Audit and Attestation Engagements of 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, 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 continued to decrease due to the easing of the Covid-19 pandemic. Even though overall sales revenue decreased, sales revenue from some of the customers increase rather than decreased, 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 shipping document and supporting document to confirm the authenticity of the sales transactions.

Other Matter

We have also audited the parent company only financial statements of Universal Incorporation as of and for the years ended December 31, 2023 and 2022, 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, 2023 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 Chu, Szu-Lan and Chang, Chun-Yi.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

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

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

UNIVERSAL INCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| ASSETS | 2023 | | 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 554,253 | 19 | \$ 1,013,789 | 34 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 194,366 | 7 | - | - |
| Financial assets at amortized cost - current (Notes 4 and 8) | 838,034 | 28 | 526,793 | 17 |
| Notes receivable (Notes 4 and 10) | 965 | - | 541 | - |
| Trade receivable (Notes 4 and 10) | 60,843 | 2 | 69,163 | 2 |
| Inventories (Notes 4 and 11) | 88,950 | 3 | 124,110 | 4 |
| Other current assets (Notes 4 and 12) | 11,351 | - | 12,003 | 1 |
| Total current assets | <u>1,748,762</u> | <u>59</u> | <u>1,746,399</u> | <u>58</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9) | 82,637 | 3 | 65,179 | 2 |
| Financial assets at amortized cost - non-current (Notes 4 and 8) | - | - | 11,023 | 1 |
| Property, plant and equipment (Notes 4, 14 and 27) | 1,129,354 | 38 | 1,168,563 | 39 |
| Right-of-use assets (Notes 4 and 15) | 6,622 | - | 7,078 | - |
| Deferred tax assets (Notes 4 and 21) | 4,421 | - | 5,386 | - |
| Refundable deposits | 169 | - | 1,720 | - |
| Total non-current assets | <u>1,223,203</u> | <u>41</u> | <u>1,258,949</u> | <u>42</u> |
| TOTAL | <u>\$ 2,971,965</u> | <u>100</u> | <u>\$ 3,005,348</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 16) | \$ - | - | \$ 15,829 | 1 |
| Trade payable | 13,302 | 1 | 993 | - |
| Other payables (Note 17) | 31,056 | 1 | 34,930 | 1 |
| Current tax liabilities (Note 4) | 3,092 | - | 10,178 | - |
| Lease liabilities - current (Notes 4 and 15) | 43 | - | 37 | - |
| Other current liabilities | 9,502 | - | 6,563 | - |
| Total current liabilities | <u>56,995</u> | <u>2</u> | <u>68,530</u> | <u>2</u> |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 21) | 48,265 | 2 | 49,572 | 2 |
| Lease liabilities - non-current (Notes 4 and 15) | 147 | - | 188 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 18) | 6,537 | - | 7,840 | - |
| Guarantee deposits received | 210 | - | 210 | - |
| Total non-current liabilities | <u>55,159</u> | <u>2</u> | <u>57,810</u> | <u>2</u> |
| Total liabilities | <u>112,154</u> | <u>4</u> | <u>126,340</u> | <u>4</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 19) | | | | |
| Share capital | | | | |
| Ordinary shares | 852,812 | 29 | 852,812 | 28 |
| Capital surplus | 3,454 | - | 3,333 | - |
| Retained earnings | | | | |
| Legal reserve | 441,684 | 15 | 440,026 | 15 |
| Special reserve | 152,698 | 5 | 147,307 | 5 |
| Unappropriated earnings | 1,310,166 | 44 | 1,342,101 | 45 |
| Total retained earnings | 1,904,548 | 64 | 1,929,434 | 65 |
| Other equity | 6,746 | - | (5,391) | - |
| Total equity attributable to owners of the Company | 2,767,560 | 93 | 2,780,188 | 93 |
| NON-CONTROLLING INTERESTS (Notes 4 and 19) | 92,251 | 3 | 98,820 | 3 |
| Total equity | <u>2,859,811</u> | <u>96</u> | <u>2,879,008</u> | <u>96</u> |
| TOTAL | <u>\$ 2,971,965</u> | <u>100</u> | <u>\$ 3,005,348</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, 2023 AND 2022

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

| | 2023 | | 2022 | |
|--|-----------------|-------------|----------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales (Note 4) | \$ 405,763 | 100 | \$ 553,968 | 100 |
| OPERATING COSTS (Notes 4, 11 and 20) | | | | |
| Cost of goods sold | <u>406,138</u> | <u>100</u> | <u>510,294</u> | <u>92</u> |
| GROSS (LOSS) PROFIT | <u>(375)</u> | <u>-</u> | <u>43,674</u> | <u>8</u> |
| OPERATING EXPENSES (Note 20) | | | | |
| Selling and marketing expenses | 11,028 | 3 | 13,051 | 2 |
| General and administrative expenses | 26,720 | 6 | 26,276 | 5 |
| Research and development expenses | <u>10,337</u> | <u>3</u> | <u>9,369</u> | <u>2</u> |
| Total operating expenses | <u>48,085</u> | <u>12</u> | <u>48,696</u> | <u>9</u> |
| LOSS FROM OPERATIONS | <u>(48,460)</u> | <u>(12)</u> | <u>(5,022)</u> | <u>(1)</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 20) | | | | |
| Interest income | 52,428 | 13 | 21,274 | 4 |
| Other income | 3,662 | 1 | 3,569 | 1 |
| Other gains and losses | 13,164 | 3 | 704 | - |
| Finance costs | <u>(28)</u> | <u>-</u> | <u>(14)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>69,226</u> | <u>17</u> | <u>25,533</u> | <u>5</u> |
| PROFIT BEFORE INCOME TAX | 20,766 | 5 | 20,511 | 4 |
| INCOME TAX EXPENSE (Notes 4 and 21) | <u>8,027</u> | <u>2</u> | <u>6,985</u> | <u>1</u> |
| NET PROFIT FOR THE YEAR | <u>12,739</u> | <u>3</u> | <u>13,526</u> | <u>3</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 656 | - | 2,748 | - |
| Unrealized loss on investments in equity instruments designated as a fair value through other comprehensive income | 17,458 | 5 | (22,211) | (4) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (131) | - | (550) | - |

(Continued)

UNIVERSAL INCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

| | 2023 | | 2022 | |
|---|------------------|----------|------------------|----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | \$ (7,399) | (2) | \$ 7,513 | 1 |
| Other comprehensive income (loss) for the year, net of income tax | 10,584 | 3 | (12,500) | (3) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 23,323</u> | <u>6</u> | <u>\$ 1,026</u> | <u>-</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 17,755 | 4 | \$ 16,580 | 3 |
| Non-controlling interests | (5,016) | (1) | (3,054) | - |
| | <u>\$ 12,739</u> | <u>3</u> | <u>\$ 13,526</u> | <u>3</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 29,892 | 7 | \$ 2,503 | - |
| Non-controlling interests | (6,569) | (1) | (1,477) | - |
| | <u>\$ 23,323</u> | <u>6</u> | <u>\$ 1,026</u> | <u>-</u> |
| EARNINGS PER SHARE (Note 22) | | | | |
| Basic | <u>\$ 0.21</u> | | <u>\$ 0.19</u> | |
| Diluted | <u>\$ 0.21</u> | | <u>\$ 0.19</u> | |

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, 2023 AND 2022 (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, 2022 | \$ 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 (loss) for the year ended December 31, 2022 | - | - | - | - | 16,580 | - | - | - | 16,580 | (3,054) | 13,526 |
| Other comprehensive income (loss) 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 |
| Appropriation of 2022 earnings | | | | | | | | | | | |
| Legal reserve | - | - | 1,658 | - | (1,658) | - | - | - | - | - | - |
| Special reserve | - | - | - | 5,391 | (5,391) | - | - | - | - | - | - |
| Cash dividends distributed by the Company - \$0.5 per share | - | - | - | - | (42,641) | - | - | - | (42,641) | - | (42,641) |
| Due to donated assets received | - | 121 | - | - | - | - | - | - | 121 | - | 121 |
| Net profit (loss) for the year ended December 31, 2023 | - | - | - | - | 17,755 | - | - | - | 17,755 | (5,016) | 12,739 |
| Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | 525 | (5,846) | 17,458 | 12,137 | (1,553) | 10,584 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 17,755 | 525 | (5,846) | 17,458 | 29,892 | (6,569) | 23,323 |
| BALANCE AT DECEMBER 31, 2023 | \$ 852,812 | \$ 3,454 | \$ 441,684 | \$ 152,698 | \$ 1,310,166 | \$ 144 | \$ (22,589) | \$ 29,191 | \$ 2,767,560 | \$ 92,251 | \$ 2,859,811 |

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 20,766 | \$ 20,511 |
| Adjustments for: | | |
| Depreciation expenses | 60,429 | 61,623 |
| Net (gain) loss on fair value changes of financial assets at fair value through profit or loss | (366) | 1,056 |
| Finance costs | 28 | 14 |
| Interest income | (52,428) | (21,274) |
| Dividend income | (843) | (1,799) |
| Net gain on disposal of property, plant and equipment | (603) | (6,916) |
| Net gain on disposal of financial assets | - | (1,550) |
| Write-downs of inventories | 142 | 899 |
| Net loss (gain) on foreign currency exchange | 1,348 | (2,072) |
| Changes in operating assets and liabilities | | |
| Notes receivable | (424) | 5,349 |
| Trade receivable | 8,305 | 19,996 |
| Inventories | 34,837 | 45,714 |
| Other current assets | 618 | 2,269 |
| Trade payable | 12,379 | (5,138) |
| Other payables | 1,377 | (16,676) |
| Other current liabilities | 2,947 | 265 |
| Net defined benefit liabilities - non-current | (648) | (690) |
| Cash generated from operations | 87,864 | 101,581 |
| Interest received | 52,404 | 15,239 |
| Interest paid | (30) | (12) |
| Income tax paid | (15,585) | (38,882) |
| Net cash generated from operating activities | <u>124,653</u> | <u>77,926</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (827,193) | (901,930) |
| Proceeds from sale of financial assets at amortized cost | 525,495 | 1,256,712 |
| Purchase of financial assets at fair value through profit or loss | (194,000) | - |
| Proceeds from sale of financial assets at fair value through profit or loss | - | 332,907 |
| Acquisition of property, plant and equipment | (28,326) | (16,052) |
| Proceeds from disposal of property, plant and equipment | 603 | 7,356 |
| Increase in refundable deposits | - | (1,500) |
| Decrease in refundable deposits | 1,550 | - |
| Other dividends received | 843 | 1,799 |
| Net cash (used in) generated from investing activities | <u>(521,028)</u> | <u>679,292</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | - | 15,829 |

(Continued)

UNIVERSAL INCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|-------------------|---------------------|
| Decrease in short-term borrowings | \$ (15,829) | \$ - |
| Increase in guarantee deposits received | - | 210 |
| Repayment of the principal portion of lease liabilities | (36) | (42) |
| Dividends distributed | (42,641) | (170,562) |
| Other financing activities | <u>121</u> | <u>72</u> |
| Net cash used in financing activities | <u>(58,385)</u> | <u>(154,493)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>(4,776)</u> | <u>4,506</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (459,536) | 607,231 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>1,013,789</u> | <u>406,558</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 554,253</u> | <u>\$ 1,013,789</u> |

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

(Concluded)

Attachment 4

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Incorporation

Opinion

We have audited the accompanying financial statements of Universal Incorporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 mainly comes from the sale of non-woven fabrics and its processed products, which continued to decrease due to the easing of the Covid-19 pandemic. Even though overall sales revenue decreased, sales revenue from some of the customers increase rather than decreased, 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 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 shipping document and supporting document to confirm the authenticity of the sales transactions.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless 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 Chu, Szu-Lan and Chang, Chun-Yi.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

UNIVERSAL INCORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

| ASSETS | 2023 | | 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 540,894 | 19 | \$ 989,843 | 34 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 194,366 | 7 | - | - |
| Financial assets at amortized cost - current (Notes 4 and 8) | 558,410 | 19 | 260,026 | 9 |
| Notes receivable (Notes 4 and 10) | 965 | - | 541 | - |
| Trade receivable (Notes 4 and 10) | 60,843 | 2 | 69,163 | 2 |
| Inventories (Notes 4 and 11) | 76,305 | 3 | 100,664 | 4 |
| Other current assets (Note 12) | 8,836 | - | 8,863 | - |
| Total current assets | <u>1,440,619</u> | <u>50</u> | <u>1,429,100</u> | <u>49</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9) | 82,637 | 3 | 65,179 | 2 |
| Investments accounted for using the equity method (Notes 4 and 13) | 347,249 | 12 | 371,976 | 13 |
| Property, plant and equipment (Notes 4, 14 and 27) | 1,002,286 | 35 | 1,031,023 | 36 |
| Right-of-use assets (Notes 4 and 15) | 175 | - | 220 | - |
| Deferred tax assets (Notes 4 and 21) | 4,421 | - | 5,386 | - |
| Refundable deposits | 146 | - | 1,696 | - |
| Total non-current assets | <u>1,436,914</u> | <u>50</u> | <u>1,475,480</u> | <u>51</u> |
| TOTAL | <u>\$ 2,877,533</u> | <u>100</u> | <u>\$ 2,904,580</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 16) | \$ - | - | \$ 15,829 | 1 |
| Trade payable | 13,302 | 1 | 993 | - |
| Other payables (Note 17) | 29,064 | 1 | 33,190 | 1 |
| Current tax liabilities (Note 4) | 3,092 | - | 10,178 | - |
| Lease liabilities - current (Notes 4 and 15) | 43 | - | 37 | - |
| Other current liabilities | 9,313 | - | 6,355 | - |
| Total current liabilities | <u>54,814</u> | <u>2</u> | <u>66,582</u> | <u>2</u> |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 21) | 48,265 | 2 | 49,572 | 2 |
| Lease liabilities - non-current (Notes 4 and 15) | 147 | - | 188 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 18) | 6,537 | - | 7,840 | - |
| Guarantee deposits received | 210 | - | 210 | - |
| Total non-current liabilities | <u>55,159</u> | <u>2</u> | <u>57,810</u> | <u>2</u> |
| Total liabilities | <u>109,973</u> | <u>4</u> | <u>124,392</u> | <u>4</u> |
| EQUITY (Notes 4 and 19) | | | | |
| Share capital | | | | |
| Ordinary shares | 852,812 | 30 | 852,812 | 29 |
| Capital surplus | 3,454 | - | 3,333 | - |
| Retained earnings | | | | |
| Legal reserve | 441,684 | 15 | 440,026 | 15 |
| Special reserve | 152,698 | 5 | 147,307 | 5 |
| Unappropriated earnings | 1,310,166 | 46 | 1,342,101 | 47 |
| Total retained earnings | 1,904,548 | 66 | 1,929,434 | 67 |
| Other equity | 6,746 | - | (5,391) | - |
| Total equity | <u>2,767,560</u> | <u>96</u> | <u>2,780,188</u> | <u>96</u> |
| TOTAL | <u>\$ 2,877,533</u> | <u>100</u> | <u>\$ 2,904,580</u> | <u>100</u> |

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

UNIVERSAL INCORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|--|-----------------|------------|-----------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales (Note 4) | \$ 398,554 | 100 | \$ 526,702 | 100 |
| OPERATING COSTS (Notes 4, 11 and 20) | | | | |
| Cost of goods sold | <u>377,735</u> | <u>95</u> | <u>464,868</u> | <u>88</u> |
| GROSS PROFIT | <u>20,819</u> | <u>5</u> | <u>61,834</u> | <u>12</u> |
| OPERATING EXPENSES (Note 20) | | | | |
| Selling and marketing expenses | 10,225 | 3 | 11,904 | 2 |
| General and administrative expenses | 19,302 | 4 | 18,209 | 4 |
| Research and development expenses | <u>10,337</u> | <u>3</u> | <u>9,369</u> | <u>2</u> |
| Total operating expenses | <u>39,864</u> | <u>10</u> | <u>39,482</u> | <u>8</u> |
| (LOSS) PROFIT FROM OPERATIONS | <u>(19,045)</u> | <u>(5)</u> | <u>22,352</u> | <u>4</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 20) | | | | |
| Interest income | 47,894 | 12 | 17,334 | 3 |
| Other income | 3,508 | 1 | 3,021 | - |
| Other gains and losses | 12,334 | 3 | (7,634) | (1) |
| Finance costs | (28) | - | (14) | - |
| Share of loss of subsidiaries and associates | <u>(18,881)</u> | <u>(4)</u> | <u>(11,494)</u> | <u>(2)</u> |
| Total non-operating income and expenses | <u>44,827</u> | <u>12</u> | <u>1,213</u> | <u>-</u> |
| PROFIT BEFORE INCOME TAX | 25,782 | 7 | 23,565 | 4 |
| INCOME TAX EXPENSE (Notes 4 and 21) | <u>8,027</u> | <u>2</u> | <u>6,985</u> | <u>1</u> |
| NET PROFIT FOR THE YEAR | <u>17,755</u> | <u>5</u> | <u>16,580</u> | <u>3</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 656 | - | 2,748 | - |
| Unrealized loss on investments in equity instruments designated as a fair value through other comprehensive income | 17,458 | 5 | (22,211) | (4) |

(Continued)

UNIVERSAL INCORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|---|-------------------------|-----------------|------------------------|-----------------|
| | Amount | % | Amount | % |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | \$ (131) | - | \$ (550) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>(5,846)</u> | <u>(2)</u> | <u>\$ 5,936</u> | <u>1</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>12,137</u> | <u>3</u> | <u>\$ (14,077)</u> | <u>(3)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u><u>\$ 29,892</u></u> | <u><u>8</u></u> | <u><u>\$ 2,503</u></u> | <u><u>-</u></u> |
| EARNINGS PER SHARE (Note 22) | | | | |
| Basic | <u>\$ 0.21</u> | | <u>\$ 0.19</u> | |
| Diluted | <u>\$ 0.21</u> | | <u>\$ 0.19</u> | |

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

(Concluded)

UNIVERSAL INCORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | Ordinary Shares | Capital Surplus | Retained Earnings | | | Remeasurement of Defined Benefit Plans | Others Equity | | Total Equity |
|---|--------------------|-----------------|-------------------|-----------------|----------------------------|--|--|---|--------------|
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income | |
| BALANCE AT JANUARY 1, 2022 | \$ 852,812 | \$ 3,261 | \$ 412,188 | \$ 147,481 | \$ 1,523,921 | \$ (2,579) | \$ (22,679) | \$ 33,944 | \$ 2,948,349 |
| Appropriation of 2021 earnings | | | | | | | | | |
| Legal reserve | - | - | 27,838 | - | (27,838) | - | - | - | - |
| Special reserve | - | - | - | (174) | - | - | - | - | (174) |
| Cash dividends distributed by the Company - \$2 per share | - | - | - | - | (170,562) | - | - | - | (170,562) |
| Due to donated assets received | - | 72 | - | - | - | - | - | - | 72 |
| Net profit for the year ended December 31, 2022 | - | - | - | - | 16,580 | - | - | - | 16,580 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | 2,198 | 5,936 | (22,211) | (14,077) |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | 16,580 | 2,198 | 5,936 | (22,211) | 2,503 |
| BALANCE AT DECEMBER 31, 2022 | 852,812 | 3,333 | 440,026 | 147,307 | 1,342,101 | (381) | (16,743) | 11,733 | 2,780,188 |
| Appropriation of 2022 earnings | | | | | | | | | |
| Legal reserve | - | - | 1,658 | - | (1,658) | - | - | - | - |
| Special reserve | - | - | - | 5,391 | (5,391) | - | - | - | - |
| Cash dividends distributed by the Company - \$0.5 per share | - | - | - | - | (42,641) | - | - | - | (42,641) |
| Due to donated assets received | - | 121 | - | - | - | - | - | - | 121 |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 17,755 | - | - | - | 17,755 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | 525 | (5,846) | 17,458 | 12,137 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 17,755 | 525 | (5,846) | 17,458 | 29,892 |
| BALANCE AT DECEMBER 31, 2023 | \$ 852,812 | \$ 3,454 | \$ 441,684 | \$ 152,698 | \$ 1,310,166 | \$ 144 | \$ (22,589) | \$ 29,191 | \$ 2,767,560 |

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

UNIVERSAL INCORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 25,782 | \$ 23,565 |
| Adjustments for: | | |
| Depreciation expenses | 51,646 | 52,754 |
| Net (gain) loss on fair value changes of financial assets at fair value through profit or loss | (366) | 1,056 |
| Finance costs | 28 | 14 |
| Interest income | (47,894) | (17,334) |
| Dividend income | (843) | (1,799) |
| Share of loss of subsidiaries and associates for using the equity method | 18,881 | 11,494 |
| Net gain on disposal of property, plant and equipment | - | (663) |
| Net gain on disposal of financial assets | - | (1,550) |
| (Reversal of) write-downs of inventories | (1,672) | 899 |
| Net loss (gain) on foreign currency exchange | 1,348 | (2,072) |
| Changes in operating assets and liabilities | | |
| Notes receivable | (424) | 1,138 |
| Trade receivables | 8,305 | 8,682 |
| Inventories | 26,031 | 33,885 |
| Other current assets | 127 | 422 |
| Trade payable | 12,379 | (4,494) |
| Other payables | 1,125 | (16,642) |
| Other current liabilities | 2,966 | 629 |
| Net defined benefit liabilities - non-current | (648) | (690) |
| Cash generated from operations | 96,771 | 89,294 |
| Interest received | 47,736 | 12,311 |
| Interest paid | (30) | (12) |
| Income tax paid | (15,585) | (39,904) |
| Net cash generated from operating activities | <u>128,892</u> | <u>61,689</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (558,407) | (624,140) |
| Proceeds from sale of financial assets at amortized cost | 258,728 | 1,109,101 |
| Purchase of financial assets at fair value through profit or loss | (194,000) | - |
| Proceeds from sale of financial assets at fair value through profit or loss | - | 332,907 |
| Acquisition of property, plant and equipment | (28,170) | (15,454) |
| Proceeds from disposal of property, plant and equipment | - | 1,036 |
| Increase in refundable deposits | - | (1,500) |
| Decrease in refundable deposits | 1,550 | - |
| Other dividends received | 843 | 1,799 |
| Net cash (used in) generated from investing activities | <u>(519,456)</u> | <u>803,749</u> |

(Continued)

UNIVERSAL INCORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|-------------------|-------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | \$ - | \$ 15,829 |
| Decrease in short-term borrowings | (15,829) | - |
| Increase in guarantee deposits received | - | 210 |
| Repayment of the principal portion of lease liabilities | (36) | (42) |
| Dividends distributed | (42,641) | (170,562) |
| Other financing activities | <u>121</u> | <u>72</u> |
| Net cash used in financing activities | <u>(58,385)</u> | <u>(154,493)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (448,949) | 710,945 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>989,843</u> | <u>278,898</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 540,894</u> | <u>\$ 989,843</u> |

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

(Concluded)

Attachment 5

Universal Incorporation Earnings distribution table For the Year 2023

| Unit: NT\$ | |
|--|----------------------|
| Items | Amount |
| 1. Earnings available for distribution : | |
| Beginning unappropriated earnings | 1,292,411,104 |
| Net profit for the Year 2023 | 17,754,653 |
| Subtracted : Legal reserve (10%) | (1,775,465) |
| Plus : Reversal of special reserve | 5,390,526 |
| Earnings available for distribution | 1,313,780,818 |
| 2. Earnings distribution items : | |
| Cash Dividends (NT\$ 0.3 per share) | 25,584,360 |
| cash bonus (NT\$ 0.3 per share) | 25,584,359 |
| Total | 51,168,719 |
| 3. Ending unappropriated earnings after distribution | 1,262,612,099 |
| Remarks : | |
| 1. Beginning unappropriated earnings is belong unappropriated earnings of 1998 to 2022. | |
| 2. Because the total amount of other equity items of shareholders' equity was plus, reversed the special reserve NT\$5,390,526 in accordance with regulations. | |
| 3. Earnings distribution items belong earnings NT\$15,979,188 in 2023 and unappropriated earnings of 1998 to 2022 is NT\$35,189,531. | |
| 4. In addition, cooperate with the requirements of the Ministry of Finance's "Profit Enterprise Income Tax Settlement Declaration" and "Profit Enterprise Income Tax Undistributed Surplus Declaration", when calculating the undistributed surplus that is subject to 5% profit-seeking enterprise income tax in Article 66-9 of the Income Tax Act, the surplus belonging to the current year shall be distributed preferentially. | |
| 5. The actual number of shares issued at Dec 31, 2023 were 85,281,198 shares with a par value of NT\$10 per share , Paid-in capital is NT\$ 852,811,980 | |

President : Huang, Mei-Hui

Manager : Huang, Mei-Hui

Accounting Manager : Liao, Shu-Ji

Appendix 1

Universal Incorporation Rules and Procedures for the Shareholders' Meeting

(Fourth Revision: Implementation after passing by shareholders' Meeting on June 15, 2020.)

1. The rules and procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be according to the Rules and Procedures stated below.
2. The shareholder meeting shall set up a signature book for the attendance of shareholders to sign in, or the attendance card shall be submitted by the attending shareholder to sign in.

The number of shares attended is based on the signature book or the handed-in attendance card, plus the shares that exercise voting rights in writing or electronically to count it.

3. Attending and voting at a shareholders meeting shall be calculated based the number of shares.
4. A shareholders' meeting shall be held at the Company's location, or at a place and time convenient to shareholders and suitable for holding such a meeting. The meeting shall begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
5. When a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board will chair the meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his/her power and authority for any cause, the vice chairman shall act on his/her behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his/her power and authority for any cause, the Chairman of the Board of Directors shall designate one of the managing directors, or where there is no managing director, designate one of the directors to act on his/her behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the Board of Directors.

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

6. The Company may designate its lawyer, certified public accountant or other relevant people to attend the shareholders' meeting.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

7. The entire meeting process of the shareholders' meeting shall be audio-recorded or video-recorded. The recorded materials of the preceding paragraph shall be retained for at least 1 year.

8. The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman calls tentative resolution according to paragraph 1 of Article 175 of Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. All agenda (including extraordinary motions and original proposal Amended) should be voted. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

After the meeting is end, shareholders can't elect another chairman to continue the meeting at the original address or another place. If the Chairman declares the meeting adjourned in violation of the rules of procedure, elect a new chairman by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the speaker's shareholder that has the floor; the Chairman shall stop any violations.

11. Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

13. After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

14. When the chairman considers that the discussion of the proposal has reached a level that can be voted on, he may announce the suspension of the discussion and put it to the vote.

15. The scrutiny and counting personnel for voting on proposals shall be designated by the chairman. But the scrutineers should have the status of shareholders. The voting results should be reported on the spot and recorded.

16. During the meeting, the chairman may announce a break according to the time.

17. When the Company holds a shareholders' meeting, it should allow the shareholders to exercise voting rights by electronic transmission or in written form. The way of exercising is in accordance with the Company Law and the regulations of the competent authority.

Except as otherwise provided in the Company Law and in the Company's articles of incorporation, the proposal shall agree by more than half vote at a meeting of the attending shareholders.

18. When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If one of the proposals has been passed, the other proposals shall be deemed to be rejected and there shall be no further voting.

19. The Chairman may direct the pickets (or security personnel) to help maintain order at the meeting venue. When pickets or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "picket".

20. These Rules, Procedures and any amendments hereto, shall be implemented after adoption at shareholders' meetings.

Appendix 2

Articles of Universal Incorporation

(Amendment 43 on June 27, 2023)

Chapter I General Principles

1. The organization's name is Universal Incorporation, according to the provisions related to limited companies in the Company Act.
2. Main content of business
 - (1) C301010 Spinning of Yarn
 - (2) C302010 Weaving of Textiles
 - (3) C303010 Manufacture of Non-woven Fabrics
 - (4) C305010 Printing, Dyeing, and Finishing
 - (5) C306010 Wearing Apparel
 - (6) C307010 Clothing Accessories
 - (7) C399990 Other textile and products manufacturing
 - (8) C402030 Tanning and Dressing of Leather; Dressing and Dyeing of Fur
 - (9) C801100 Synthetic Resin and Plastic Manufacturing
 - (10) C801020 Petrochemical Materials Manufacturing
 - (11) C801120 Manufacture of Man-made Fibers
 - (12) C805010 Manufacture of Plastic Sheets, Pipes and Tubes
 - (13) C805060 Plastic Leathers Products Manufacturing
 - (14) C805070 Reinforced Plastic Products Manufacturing
 - (15) C805990 Manufacturing of other plastic products
 - (16) C901010 Ceramic and Ceramic Products Manufacturing
 - (17) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 - (18) CC01080 Electronics components manufacturing
 - (19) CF01011 Medical Devices Manufacturing
 - (20) CJ01010 Hat Manufacturing
 - (21) CM01010 Case and Bag Manufacturing
 - (22) F101040 Wholesale of Livestock and Poultry
 - (23) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
 - (24) F108031 Wholesale of Medical Devices
 - (25) F114010 Wholesale of Motor Vehicles
 - (26) F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
 - (27) F201020 Retail Sale of Livestock Products
 - (28) F203010 Retail Sale of Food, Grocery and Beverage
 - (29) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
 - (30) F208031 Retail Sale of Medical Apparatus
 - (31) F214010 Retail Sale of Motor Vehicles

- (32) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- (33) H701010 Housing and Building Development and Rental
- (34) H701040 Specific Area Development
- (35) H701060 New Towns, New Community Development Industry
- (36) F401010 International Trade
- (37) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

3. The Company is headquartered in Taipei City, Taiwan. If necessary, the Board of Directors will pass a resolution to set up branch offices in the domestic or international markets.
4. The company's reinvestment is not subject to the restriction that the total amount of reinvestment stipulated in Article 13 of the Company Law shall not exceed 40% of the paid-in share capital.
5. Due to business needs, the company handles endorsement guarantees in accordance with the company's external endorsement guarantee measures.

Chapter II Shares

6. The total capital of the Company is NT\$1,300,000,000, consisting of 130,000,000 shares at par value NT\$10 per share. The shares are issued in installments. Unissued shares authorize the board of directors to decide to issue in installments according to actual business needs.

NT\$100 million is reserved for the capital in the preceding paragraph, which is divided into 10 million shares, which are the reserved warrants, preferred stock shares with warrants, and corporate bonds with warrants. It is used when the warrant holders exercise their stock options, and is issued in installments according to the resolution of the board of directors.

7. The stock of the company is registered, and the stock should be numbered, signed or sealed by the director representing the company, and issued by the bank that is the certifier of the stock issue according to law.

Shares issued by the company do not need to print stock certificates, but need to contact the centralized securities depository institution to register.

8. Shareholders should submit their names and addresses or residences and seals to the company for registration and deposit. It is the same way when changing. When shareholders receive dividends and bonuses from the company or exercise other rights, they all rely on the retained seal.
9. Shareholders handle stock transfer, pledge setting, dissolution, loss reporting, inheritance, gift, seal report loss, change or address change, etc. Unless otherwise stipulated by laws and securities regulations, it shall be handled according to the "Standards for the Handling of Share Affairs of Companies

Offering Shares to the Public" promulgated by the competent authority.

10. Within 60 days before each ordinary meeting of shareholders, within 30 days before the extraordinary meeting of shareholders, or within 5 days before the company decides to distribute dividends, bonuses or other benefits, the stock transfer shall be suspended.

Chapter III Shareholders' Meeting

11. Shareholders' meeting is divided into ordinary meeting and extraordinary meeting. An ordinary meeting of shareholders is held at least once every year, and shall be convened within 6 months after the close of the fiscal year. An extraordinary meeting of shareholders shall be convened as required under the related rules.

When the company's shareholders' meeting is held, it shall be held by video conference or other methods announced by the central competent authority.

12. A notice to convene an ordinary meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to convene An extraordinary meeting of shareholders shall be given no later than 15 days prior to the scheduled meeting date.

13. When a shareholder cannot attend a shareholders' meeting, he/she/its may appoint a proxy to attend on his/her/its behalf by executing a power of attorney printed by the company stating the scope of power authorized to the proxy. In addition to the provisions of Article 177 of the Company Law, the procedures for shareholders to entrust attendance shall be handled according to the "Rules on the Use of Power of Attorneys for Attending Shareholders' Meetings of Publicly Issued Companies" promulgated by the competent authority.

14. When a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board will hold the meeting. In case the Chairman of the Board of Directors is on leave or absent and authority for any cause, the vice chairman shall act on his/her behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his/her power and authority for any cause, the Chairman of the Board of Directors shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more people having the convening right, the chairman of the meeting shall be elected from among themselves.

15. In addition to regulation, each shareholder of the Company has one vote per share.
The company holds a shareholders' meeting, voting rights shall be exercised electronically and in writing, the method of exercise shall be handled according to the company law and the regulations of the competent authority.

16. Resolutions of the shareholders' meeting, in addition to company law and other

relevant laws, shall be attended by shareholders representing more than half of the total number of issued shares and more than half of the voting rights of the shareholders present agree to do it.

17. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The distribution and storage of meeting minutes according to company law.

Chapter IV Directors and Audit Committee

18. The Company has 7 to 9 directors (including at least 3 independent directors) with a term of three years. The election of directors (including independent directors) adopts a candidate nomination system. Directors elected from the list of director candidates at the shareholders' meeting and the list shall be eligible for re-election. The total shareholding ratio of all directors shall comply with the regulations of the securities regulatory authority.

The election of independent directors shall be elected from the list of candidates for independent directors at the shareholders' meeting. Regarding the professional qualifications, shareholding, part-time job restrictions, determination of independence of independent directors, nomination and selection methods and other matters to be complied with shall be in accordance with the relevant regulations of the competent authority.

When directors are elected, independent directors and non-independent directors shall be elected together according to Article 198 of the Company Law. The number of elected persons shall be calculated separately, and those with more votes represented by the votes obtained shall be elected as independent directors and non-independent directors.

19. The remuneration of directors is authorized by the board of directors according to the usual standards in the industry; Directors' remuneration shall be paid regardless of profit or loss.
20. The company's directors recommend one person as president. The president is the chairman of the shareholder meeting and the board of directors internally, and represents the company externally. In addition, the company shall depend on business needs to appoint a vice president who elected from directors to assist the president in handling relevant business.
21. The execution of the company's business shall be carried out by the resolution of the board of directors, except for the company law or the Articles of Incorporation, which shall be resolved by the shareholders' meeting; The reason for the convening of the board of directors shall be stated, and the directors shall be notified 7 days in advance, but in case of emergency, the meeting of the board of directors may be called at any time; The convening of the board of directors of

the company can inform to all directors by writing, e-mail or fax; Except for the first meeting of the board of directors of each term, which is convened by the director with the most voting rights, the rest are convened by the president and serve as the chairman. When the president is unable to implement his duties, the vice president shall act on his behalf; if there is no vice president or the vice president is unable to implement his duties, the president shall designate a director to act as his deputy. If there is no appointment, the directors shall recommend one person to convene and serve as the chairman.

22. In addition to the company law and other related regulations, the meeting of the board of directors must be attended by more than half of the directors, and the resolutions approval by more than half of the attended directors. Minutes of the resolutions shall be made and distributed to all directors, and the above minutes shall be kept together with the signature book of the attending directors.

When a director is unable to attend the board meeting, who shall submit a power of attorney according to the law, listing the scope of authorization for the convening reason, and entrusting other directors to attend the meeting.

23. According to Article 14-4 of the Securities and Exchange Act, the company shall set up an audit committee to replace the supervisor. The audit committee shall consist of all independent directors, the audit committee or the members of the audit committee are responsible for implementation of the Company Law, the Securities Exchange Law, and other regulations of the supervisor's duty and rights. The composition, powers, rules of procedure, and other matters to be complied with of the audit committee shall be in accordance with the relevant regulations of the competent securities authority.

Chapter V Managers

24. The Company may have one or more managerial personnel. The appointment, discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Law.

Chapter VI Final accounts and Earning distribution

25. The company uses the national calendar year as the final accounting period. Board of Directors makes the following list and submits it to the audit committee for verification 30 days before the shareholders' meeting, and then submitted to the shareholders' meeting for ratification.
1. Business report.
 2. Financial statements.
 3. Proposal on profit distribution or loss compensation.
26. If the Company incurs positive earnings for the relevant year (i.e., the profit before tax at that year before deducting the remuneration of employee and directors), it should allocate 0.5% to 5% for employee remuneration, which shall

be distributed in stock or cash by the resolution of board of directors, the distribution objects include the employees of the controlling or subordinate companies who meet certain conditions, and authorized the certain conditions by the board of directors; the company can distribute some bonus of profits, no higher than 2.5% for directors remuneration.

If the Company has cumulative deficits, then the Company must first retain the necessary earnings to offset the deficits, and then allocate remuneration of employee and director in above proportion.

Proposals on the distribution of employee remuneration and director remuneration shall approval by a majority vote at a meeting of the board of directors attended by two-third of total number of directors and shall be submitted to the shareholders' meeting.

26-1. If the Company incurs positive earnings for the relevant year must pay all outstanding taxes, offset deficits in prior years first, then sum up the balance of net profit and the number which included in the unappropriated earnings for the year but that not include in the profit for the year, and the company appropriate 10% of the above sum as legal reserve. When necessary, withdraw or reverse the special surplus reserve for the amount of shareholders' equity deduction that occurred in the current year in accordance with the law. Except annual dividends of 3%, if there is still surplus, the distribution proposal prescribed for shareholder's bonus, dividend, bonus by the Board of Directors should submit at the shareholders' meeting.

According to the provisions of paragraph 5 of Article 240 of the Company Act, authorized a majority vote at a meeting of the board of directors attended by two-third of total number of directors, shall distribute dividends and bonuses or according to paragraph 1 of Article 241 of the Company Act, all or part of the legal reserve and capital surplus shall be distributed in cash and submit to the shareholders' meeting.

27. In principle, the company's dividend policy first considers relevant factors such as the company's operating conditions and financial conditions. The amount of dividends to be distributed will be determined after retaining an appropriate amount of surplus. The above dividends shall be given priority in cash dividends, and shall be distributed in stock dividends, The upper limit of the proportion of stock dividend distribution shall not exceed 90% of the total dividend distribution for the current year.

28. When the statutory legal reserve has reached the total amount of capital, the withdrawal shall be terminated by the resolution of the shareholders' meeting.

Chapter VII Supplemental Provisions

29. For matters not specified in the Articles, all must comply with the Company Act and related regulation.

30. The company's organizational regulations and working rules are separately determined by the resolution of the board of directors.
31. This Articles of Incorporation is established by the promoters on Aug. 23, 1962, Amendment 1 on Apr. 10, 1965, Amendment 2 on Oct. 12, 1966, Amendment 3 on May 7, 1970, Amendment 4 on July 1, 1972, Amendment 5 on June 22, 1976, Amendment 6 on June 10, 1977, Amendment 7 on June 16, 1979, Amendment 8 on Feb. 25, 1981, Amendment 9 on Oct. 6, 1982, Amendment 10 on Dec. 5, 1983, Amendment 11 on Dec. 17, 1984, Amendment 12 on April 16, 1987, Amendment 13 on Jan. 12, 1989, Amendment 14 on April 11, 1989, Amendment 15 on June 5, 1990, Amendment 16 on Feb. 5, 1991, Amendment 17 on Nov. 29, 1991, Amendment 18 on June 25, 1993, Amendment 19 on May 6, 1994, Amendment 20 on April 25, 1995, Amendment 21 on June 25, 1996, Amendment 22 on June 25, 1997, Amendment 23 on May 14, 1998, Amendment 24 on June 24, 1999, Amendment 25 on June 12, 2000, Amendment 26 on June 12, 2000, Amendment 27 on June 28, 2001, Amendment 28 on June 25, 2002, Amendment 29 on June 24, 2005, Amendment 30 on June 27, 2006, Amendment 31 on June 21, 2007, Amendment 32 on June 19, 2008, Amendment 33 on June 19, 2009, Amendment 34 on June 14, 2010, Amendment 35 on June 15, 2011, Amendment 36 on June 20, 2012, Amendment 37 on June 28, 2013, Amendment 38 on June 27, 2016, Amendment 39 on June 27, 2017, Amendment 40 on June 27, 2019, Amendment 41 on June 15, 2020, Amendment 42 on June 29, 2022. Amendment 43 on June 27, 2023.

Appendix 3

Shareholding of Directors

1. The company's current issued common stock is 85,281,198 shares.
2. The statutory number of shares held by all directors shall not be less than 6,822,495 shares.
(Note : Shares held by independent directors are not included in the number of shares held by directors)
3. The company has an audit committee, so there is no applicable number of shares that the supervisor should hold.
4. As of the book closure date of the shareholders meeting, Shareholding details of individual and all directors in the shareholders list as below

Base date : April 23, 2024

| Title | Name | Election date | Term | Shares held during Election | Shareholding percentage | Current Shares held | Shareholding percentage | Remarks |
|-------------------------------|-----------------|---------------|---------|-----------------------------|-------------------------|---------------------|-------------------------|--|
| President | Huang, Mei-Hui | June 27, 2023 | 3 Years | 24,679,800 | 28.94% | 24,679,800 | 28.94% | Universal Investment Co., Limited Representative |
| Director | Lam, Minh | | | | | | | |
| Director | Kao, Ching Hai | | | | | | | |
| Total of director | | | | 24,679,800 | 28.94% | 24,679,800 | 28.94% | |
| Independent director | Wu, Cheng-Ming | June 27, 2023 | 3 Years | 4 | - | 4 | - | |
| Independent director | Chang, Jin-Lian | June 27, 2023 | 3 Years | 0 | - | 0 | - | |
| Independent director | Chang, Ming-Lun | June 27, 2023 | 3 Years | 0 | - | 0 | - | |
| Independent director | Lu, Fei-Huang | June 27, 2023 | 3 Years | 0 | - | 0 | - | |
| Total of independent director | | | | 4 | - | 4 | - | |
| Total amount | | | | 24,679,804 | | 24,679,804 | | |

All directors of the company hold 24,679,800 shares, accounting for 28.94% of the total shares.

(Note : Shares held by independent directors are not included in the number of shares held by directors)

Note : :

1. The type of shareholding is common stock.
2. The issued percentage at that time: the total of 85,281,198 shares issued at the time of director election (June 27, 2023)

A total of 85,281,198 shares were issued on April 23, 2024, the par value of each share is NT\$10.

Appendix 4

The effect of issuance of bonus shares for the current fiscal year on the Company's operating performance, earnings per share, and return on equity:

The Company did not issue the issuance of bonus shares this year, so it is not applicable.