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UNIVERSAL INC.

2023 Annual Report

Printed on April 30, 2024

Notice to readers

This English-version annual report 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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5. Overseas Trade Places for Listed Negotiable Securities : None.

6. Company Website : <http://www.uk.com.tw>

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I . Letter to Shareholders

Dear Shareholders,

1. Achievements of Business Plan

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) 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.

(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)

Note 1: 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.

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

1.2 Overview of consolidated financial income and expenditure and profitability analysis:

1.2.1 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
Non-controlling 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.

1.2.2 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 2023 and 2022 were 85,281,198 shares each with a par value of NT\$10 per share)

1.3. Research and development status:

1.3.1 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.
- (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.

2. Summary of 2024 Business Plan

2.1 Annual operating policy:

2.1.1. Annual business development strategy

- (1) Actively promote sales to win orders and expect all non-woven machines in full capacity production.
- (2) Actively develop new products and markets of Spunbond and composite non-woven machines. Increase market share rate for

supplying hygienic and medical products and industrial products.
Increase the utilization rate of production capacity.

- (3) Actively sell masks, Meltblown non-woven fabrics, high-efficiency filter media, laminating filter media, air filter media and other products.
- (4) Pay attention to the long-term cooperation and development relationship between suppliers and customers.
- (5) Continuously improve the efficiency of the management team.
- (6) Look for new suppliers of raw materials to ensure sufficient supply of raw materials and reduce raw material costs.

2.1.2 .Technology research and development:

- (1) Research and development of high-efficiency filter media, laminating filter media and air filter media.
- (2) Research and development of various masks.
- (3) Research and development of soft, silk soft, ultra soft, alcohol repellency and anti-static, high-hydrostatic head non-woven fabrics for usage of hygiene and medical.
- (4) Research and development of non-woven fabrics for skin care centered hydrophilic nonwoven fabrics.
- (5) Research and development of advanced post treatment medical fabrics.
- (6) Research and development of composite material lamination and high value added new products.
- (7) Improvement of the yield rate of production to reduce costs and improve competitiveness.
- (8) Recycled ear materials and PP to reduce the production cost.

2.1.3 .Marketing extension:

- (1) Expand the market of SMMS and SMS composite non-woven fabrics.
- (2) Expand the market of Meltblown non-woven fabrics.
- (3) Expand the market of mask.
- (4) Expand the market of high-efficiency filter media, laminating filter media, and air filter media.
- (5) Expand the market of Spunbond non-woven fabrics.
- (6) Expand the market of laminating non-woven fabrics.
- (7) Expand the market of advanced post treatment medical fabrics.
- (8) Expand the market in Taiwan, China, Asia, Europe, America and Japan.

2.2 Expected sales volume and basis:

2.2.1. Expected Sales Volume:

<u>Product Item</u>	<u>Expected Sale Volume</u>
Non-woven Fabrics (Including material processing)	6,671.1Tons

2.2.2. Based on:

Non-woven fabrics (including material processing): The machines of SMMS, SMS, Spunbond, Meltblown in our company produce high-quality non-woven fabrics, which are mainly used in application of hygiene, medical and industrial and so on. The annual production capacity of 11 machines is about 33,852 tons. Although the market change rapidly and fierce competition, the company will promote and get orders actively and expect to get 6,671.1 sales volume tons in 2024.

(Note: Material processing includes laminating fabrics, post-treatment fabrics, high-efficiency filter media and laminating filter media and so on, because the above-mentioned products are made of self-produced Spunbond and composite non-woven fabrics, Melt-blown non-woven fabrics and other non-woven fabrics, or are made of material processing such as laminating with purchased materials.)

2.3 Important Strategies of production and sale

- 2.3.1. The goal is the balance of production and sales.
- 2.3.2. Strengthen orders to increase capacity utilization, and pay attention to quality, cost, and delivery control, and improve yield rate to reduce production costs.

3. Company future development strategy

The company's long-term development strategy is described as follows:

3.1 Business strategy:

- 3.1.1. In addition to research and improve the current production technology of spunbonded, SMMS composite and meltblown non-woven fabrics, wait for the opportunity to develop and invest in other types of non-woven fabrics and downstream converted products of non-woven fabrics, expand the company's business model to become a world-class manufacturer of non-woven fabrics.
- 3.1.2. Cooperate with leading nonwoven fabric manufacturers in advanced countries, seek for international cooperation program, learn from international technology and experience, improve the company's

management level and achieve the company's business goal of internationalization and diversification.

3.1.3. Implement all computerized management operations to meet the ever-changing environmental challenges

3.2 Technology research and development:

3.2.1. Research and development of meltblown nonwoven fabrics, high-efficiency filter media, laminating filter materials, and air filter media.

3.2.2. Research and development of various masks.

3.2.3. Research and development of soft, silk soft, ultra soft non-woven fabrics.

3.2.4. Research and development of skin care centered hydrophilic nonwoven fabrics.

3.2.5. Research and development of elastic non-woven fabrics.

3.2.6. Research and development of advanced post treatment medical fabrics.

3.2.7. Research and development of hydrophilic non-woven fabrics.

3.2.8. Research and development of high hydrostatic head non-woven fabrics.

3.2.9. Research and development of high-performance alcohol repellency non-woven fabrics.

3.2.10. Research and development of high-performance antistatic non-woven fabrics.

3.2.11. Research and development of composite material lamination, new product development of non-woven fabric lamination with other materials for Usage of hygiene and medical.

3.2.12. Research and development of new high value added products.

3.2.13. Research Influence on quality and properties caused by basis weight combination of composite nonwoven. Find out the most suitable basis weight combination of composite nonwoven for customers and reduce costs.

3.3 Marketing Expansion:

3.3.1. Increase overseas marketing channels.

3.3.2. Master new products in industry to expand new markets.

4. Affected by the external competitive environment, regulatory environment and overall business environment

4.1 Influenced by the external competition:

4.1.1. In the long term, the global demand for non-woven fabrics grows steadily year by year. The global nonwovens market is oversupplied, resulting in fierce competition in the market because foreign peers expand continuously.

4.1.2. Oil prices fluctuate wildly caused the price of polypropylene (P.P.), which is the main raw material used by the company, also fluctuated greatly. The production cost also fluctuates. The selling price of the product is affected by market competition factors. If the cost rises, it will be difficult to pass it on.

4.1.3. Peers of nonwoven industry expand continuously caused over supply in the non-woven fabric market. The company must actively promote sale, control costs, and develop new products to gain orders.

4.2 The impact of the regulatory environment: no major impact.

4.3 Impact on the overall business:

4.3.1. The exchange rate of the NTD to the USD fluctuates wildly. If the NTD appreciates, it will affect oversea orders and competitiveness.

4.3.2. If the yen and the euro depreciate sharply, will lose the competitiveness for the exports to market of Japan and the European.

4.3.3. The oil prices fluctuate sharply caused the price of P.P. fluctuate wildly. The price fluctuations of various raw materials caused large fluctuations in production costs, which affect product pricing and customer control.

4.3.4. The tariff protection of ASEAN has a great impact on the sales of manufacturers from non-member countries.

4.3.5. Some non-woven products have been included in the ECFA early harvest list, and the import tariffs for products sold to the China have been reduced, improving the competitiveness of products exported to the China.

After the above report is completed, I still hope all shareholders can continue to provide valuable suggestions and advice to make the company can continue to grow steadily.

With best wishes

Good Health and Success for all.

President: Huang, Mei-Hui

II . Company Profile

1. Date of Establishment: 14th Oct, 1962

2. Company History

- 1962 • Universal Incorporation was established by President, William Huang and set up a factory in Madou Town, Tainan County to manufacture knitted gloves for export. The capital was NT\$2.5 million.
- 1970 • In May, Production factories were established in Lioujia Township and Pai-Ho Town, Tainan County. The Lioujia factory produced P.K. leather gloves and the Pai-Ho factory produced sewing gloves.
- 1970-1980 • Our company increased capital to purchase glove equipment of automatic and semi-automatic and expanded the factory, which led to the rapid growth of the company's glove production capacity and sales. The annual production capacity of gloves reached 1.5 million dozen at peak, which was the largest glove manufacturer in the world at that time.
- 1983 • In December, the capital was increased to NT\$70 million.
- 1985 • In December, Chen Wenjia served as the President (since Dec, 1985 to 31st Aug, 2011).
- 1987 • In July, in order to transform the company, researched and investigated investment feasibility for P.P. Spunbond, Meltblown nonwovens and composite nonwovens.
- 1989 • In January, purchased a 3.2M Sunbond non-woven machine, a 4.2M Spunbond non-woven machine and a 3.2M Meltblown non-woven machine from REIFENHAUSER in Germany. The total annual production capacity of the three machines is about 6,000 tons.
 - On January 28, apply to increase the registered capital to NT\$300 million and the outstanding shares were increased to NT\$127.5 million, to fully develop non-woven fabrics.
- 1990 • The paid-in capital increased to NT\$197.5 million on June 20.
 - In July, the 3.2M Spunbond nonwoven machine was installed and began mass production, and the glove manufacturing business was ended.
- 1991 • On March 21, reinvested NT\$8,775,000 in "Hong Kong Nanquan Group Organization", with 50% shareholding ratio, and indirect invested in Xiamen Universal Incorporation, which planned to produce and sell various glove. But due to objective factors, the long-term investment was sold in 1992).
 - In July, the 4.2M Spunbond non-woven machine and the 3.2M Meltblown non-woven machine were installed and began mass production.
- 1992 • On December 11, the cash capital increased NT\$102.5 million. The paid-in capital was increased to NT\$300 million and completed the public offering of stock.
- 1994 • On February 1, the board of directors decided to invest USD 1,428,000 in

Everbig Int'L Investment Ltd. in Hong Kong, acquire 51% of the shares and then indirect invest in Xiamen Universal Incorporation in China to plan production for downstream of non-woven converting products, gloves, garments, sweaters and other textile garments.

- 1996 • On October 29, the board of directors decided to indirect investment in Xiamen Universal Incorporation by USD 510,000. After the capital increased, the company's investment total amount was USD 1,938,000.
 - In December, Xiamen Universal Incorporation completed the factory construction and began mass production for downstream of non-woven converting products.
- 1999 • On March 29, the stock was listed on OTC.
- 2000 • In January, purchased a 4.2M SMMS fine denier composite non-woven machine from REIFENHAUSER in Germany and annual production capacity about 12,000 tons.
 - On September 11, the stock was listed on Taiwan Stock Exchange.
- 2002 • On April 30, new installation of 4.2M SMMS fine denier composite non-woven machine from REIFENHAUSER in Germany was accepted by Pai-ho factory and annual production capacity of about 12,000 tons.
 - In May, the SMMS machine began mass production.
 - On June 25, the shareholder meeting approved an additional indirect investment of US\$1 million in Xiamen Universal Incorporation. After the capital increase, the company's cumulative investment amount will reach US\$2,938,000.
- 2003 • On March 17, the board of directors decided to reduce the capital of treasury shares by 529,000 shares. The date of capital reduction was March 23. After the capital reduction, the paid-in capital was NT\$891,110,000.
- 2007 • On June 21, the shareholder meeting approved an additional indirect reinvestment of USD 5,062,000 in Xiamen Universal Incorporation. After the capital increase, the accumulated investment amount reached USD 8,000,000.
- 2009 • In 2008 and 2009, Xiamen Universal Incorporation built a non-woven fabric factory in the second phase land. Purchased non-woven fabric machine in March 2009. Completed expansion of the first 3.2M SS Spunbond non-woven fabrics automatic production line in the fourth quarter of 2009. Transformed and upgraded to engage in the production and sales of non-woven fabrics
- 2010 • Cooperated with the capital increase needs of the subsidiary, the company increased the amount of USD 1,940,000 for indirect reinvestment in Xiamen Universal Incorporation on Aug. 27, 2010 (Note: Xiamen Universal Incorporation increased its registered capital to USD 5million by shareholders meeting in May 2010. The company invested USD 3.06

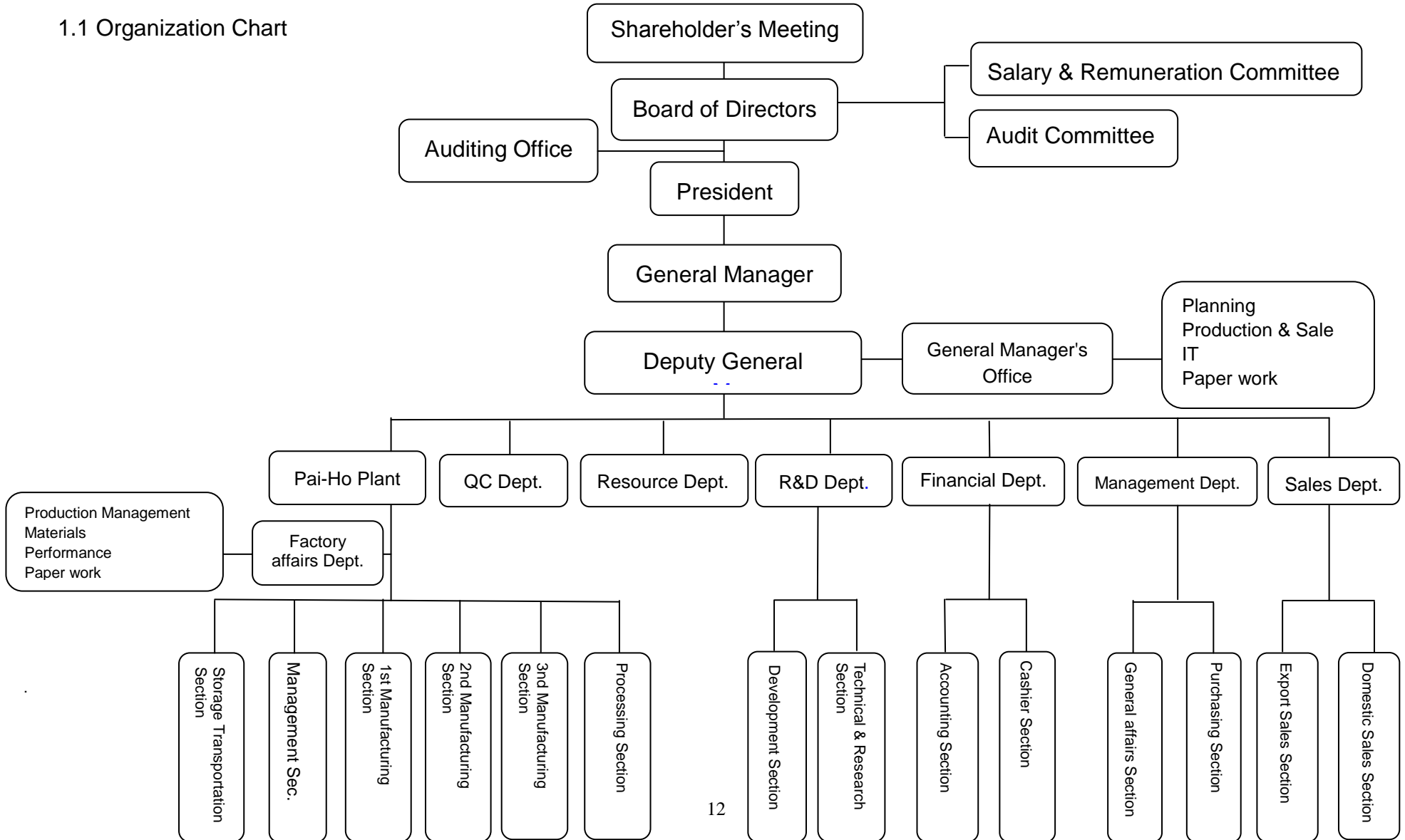
million on June 18, 2010, and USD 1.94 million on December 24, 2010.) After the increase in the investment amount this time, the accumulated investment of the company in Everbig Int'l Investment Ltd. was changed to USD 9,940,000.

- In April 2010, the company purchased a 3.2M SS Spunbond non-woven automatic machine and completed the expansion in Jan. 2011.
 - In April 2010, Xiamen Universal Incorporation purchased the second 3.2M SS Spunbond non-woven automatic machine and completed the expansion in Feb 2011.
- 2014 • On Nov 12, the board of directors decided to reduce the capital of treasury shares by 352,000 shares. The date for capital reduction was Nov 17. After the capital reduction, the paid-in capital was NT\$1,003,308,210.
- 2016 • The company reduced its capital by 15% in cash, eliminated 15,049,623 shares and returned total NT\$150,496,230 of shareholders' shares money on October 1, 2016
- The Tainan City Government announced that the application for changing agricultural land to industrial land became effective at 00:00 on Nov 28, 2016. The construction of the factory should be completed within 3 years.
- 2018 • The construction of the new factory in Tainan started in May. It was completed on Nov. 2019 and got license in Dec. 2019.
- 2019 • Purchased equipment of high-end filter media (including Meltblown machines and HEPA equipment) in May and installed it in the new Tainan factory in Dec.
- 2020 • In Feb, signed a conditional gift contract with the government for 10 sets of mask manufacturing machines. The equipment was installed and started to produce medical masks in the first quarter.
- In May, purchased 3 sets of high-end filter media machines including Meltblown machine and HEPA equipment. The installation has been completed successively in the new Tainan factory.
 - Purchased 17 sets of mask machines in July and the installation has been completed successively.
- 2021 • Purchased 3D mask machines and customized mask machines and the installation has been completed successively.
- Purchased equipment of laminating and pleating machines to produce laminating filter media and air filter media.
- 2023 • Purchased activated carbon composite equipment to produce activated carbon composite fabric and air filters.

III. Corporate Governance Report

1. Organization Structure

1.1 Organization Chart



1.2 Business of each main department

- 1.2.1. Audit Office : Carry out various audit work according to the annual audit plan, evaluate the internal control system and various management systems, and provide suggestion of improvement and audit the implementation of special projects.
- 1.2.2. General Manager's Office : establishment (revision) and promotion of management rules, business development strategy, market development planning, establishment (revision) and promotion of performance, drafting of project plans, coordination of production and sales, review and evaluation of supplier data sheets and grading, computerization promotion, document sending and receiving, etc.
- 1.2.3. Management Department : Divided into General Affairs and Purchasing Section: implementation of personnel policies, planning of general administrative management; Procurement: procurement and management of production materials and commodities, customs declaration documenting, processing for import issuing of L/C and Export bills negotiation.
- 1.2.4. Financial Department : Divided into cashier and accounting section, cashier: financial policy implementation, capital movement management, long-term and short-term investment and disposal suggestions; accounting: account processing, taxation, stock affairs related staff, cost calculation and analysis management.
- 1.2.5. Sales Department : Responsible for the implementation of the company's business policies, the formulation and achievement of business goals, the handling of sales business and order related staff, the investigation and analysis of market status and assisting in business decision-making, market status analysis and product development or improvement suggestions.
- 1.2.6. Pai-Ho Factory : drafting of production plan, product manufacturing, implementation of quality control system, warehouse management, scheduling of production process, handling of production progress and shipment.
- 1.2.7. R&D Department : Research and development of new product and new technology or introduction of plan formulation, implementation, progress control, and final report, product-specific capacity benchmarks and production specification revision and promotion, exchange and cooperation of domestic and foreign professional technologies.
- 1.2.8. Quality Department : Responsible for product quality standard setting, quality inspection, quality control and quality assurance.
- 1.2.9. Resource Department : Recycled resin development, Production for PIR PP 、PCR PP and so on resin ◦

2. Directors, General Manager, Deputy General Managers, Senior Managers and Information of the head of the branch

2.1 Directors :

Directors' information(1)

April. 23, 2024

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 5)
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relation	
President	R.O.C.	Universal Investment Co. Ltd. Representative Huang, Mei-Hui	Female 61-70	June 27, 2023	3	June 25, 1996	24,679,800	28.94%	24,679,800	28.94%	89,033	0.10%	—	—	Master of Information Management, Eastern Michigan University, USA	General Manager, Universal Incorporation President, Hong Kong Everbig Int'l Investment Ltd. (Universal Incorporation representative) President & General Manager, Xiamen Universal Incorporation (Hong Kong Everbig Int'l Investment Ltd. representative) · Director, Universal Investment Co., Limited (Fortune Industrial and Commercial Development Foundation representative) · Supervisor, Everspring Enterprises Inc. Director, Fortune Industrial and Commercial Development Foundation Director, Universal Culture and Education Foundation	Director	Lam, Minh	Relative within the second degree of kinship	Note 5
Director	USA	Universal Investment Co. Ltd. Representative Lam, Minh	Male 61-70	June 27, 2023	3	June 15, 2011	24,679,800	28.94%	24,679,800	28.94%	32,817	0.04%	—	—	Master of Industrial Engineering, Eastern Michigan University, USA	Director, Hong Kong Everbig Int'l Investment Ltd. (Universal Investment Co., Limited representative) · Director, Xiamen Universal Incorporation (Hong Kong Everbig Int'l Investment Ltd. representative) · Supervisor, Universal Investment Co., Limited · Director & General Manager, Everspring Enterprises INC. (Fortune Industrial and Commercial Development Foundation representative)	President & General Manager	Huang, Mei-Hui	Relative within the second degree of kinship	None
Director	R.O.C.	Universal Investment Co. Ltd. Representative Kao, Ching-Hai	Male 61-70	June 27, 2023	3	June 25, 1996	24,679,800	28.94%	24,679,800	28.94%	—	—	—	—	Master of Business Administration, National Chengchi University Deputy General Manager, Universal Incorporation	Deputy General Manager, Universal Incorporation Supervisor, Universal Investment Co., Limited · Director, Fortune Industrial and Commercial Development Foundation	None	None	None	Note 3

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 5)
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relation	
Independent Director	R.O.C.	Chang, Jin-Lian	Female 61-70	June 27, 2023	3	June 27, 2017	—	—	—	—	—	—	—	—	Accounting, National Taipei University of Business. Accounting Dept., Nan Ya Plastics Corporation. Accounting auditor, Formosa Petrochemical Corporation	Member, Remuneration Committee & Audit Committee, Universal Incorporation	None	None	None	None
Independent Director	R.O.C.	Wu, Cheng-Ming	Male 61-70	June 27, 2023	3	June 27, 2017	4	—	4	—	—	—	—	—	Department of Nuclear Engineering, National Tsing Hua University Nuclear Engineering Project Manager, CTCI Smart Engineering Corporation Research Assistant, College of Nuclear science and technology development center, National Tsing Hua University	Member, Remuneration Committee & Audit Committee, Universal Incorporation	None	None	None	None
Independent Director	R.O.C.	Chang, Ming-Lun	Female 61-70	June 27, 2023	3	June 15, 2020	—	—	—	—	—	—	—	—	Accountancy, Soochow University Asia Information Officer, Expeditors Taiwan Co., Ltd.	Member, Remuneration Committee & Audit Committee, Universal Incorporation	None	None	None	None
Independent Director	R.O.C.	Lu, Fei-Huang	Male 61-70	June 27, 2023	3	June 20, 2014	—	—	—	—	—	—	—	—	Financial and Economics Law Group of Department of Law, National Chengchi University	Member, Audit Committee, Universal Incorporation Principal, Fei-Huang clothing department store	None	None	None	Note 3

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date elected	Term	First Date elected (Note 3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 4)	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 5)
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relation	
															Sale & Principal, Fei-Huang clothing department store Supervisor, Universal Incorporation					

Note 1 For legal person shareholders, the name of the legal person shareholder and representative should be listed separately (if it is a representative of a legal person shareholder, the name of the legal person shareholder should be indicated), and should be filled in table 1 as below.

Note 2: Please use actual age, listed in a range, ie. age 41–50 or age 51–60.

Note 3: Fill in the first time the person served as director or supervisor, please provide explanation for any gaps within the terms of the office. **Director, Kao, Ching-Hai interrupted the period from June.15, 2011 to June 14, 2020 ; Independent Director, Lu, Fei-Huang served as Supervisor from June.20,2014 to June 19, 2017.**

Note 4: If any of the current and past experiences involve part of the auditing CPA firms or any of the Company affiliates, please provide details for the person's title and responsibilities

Note 5: When the president and general manager, or the same level (the executive management), are the same person, or a spouse or relative, there should be a clear explanation on the reason, rationale, necessity, countermeasures and other relevant information. (For example, increase the number of independent directors and ensure that more than half of the directors do not concurrently serve as employees or managers.)

Explanation of the reasons, rationality, necessity and countermeasures for the president and general manager of the company to be the same person

1. Reasons, rationality, and necessity for president Huang, Mei-hui to concurrently serve as general manager

(1) President Huang has been in the company for about 33 years and has served as the company's general manager for about 22years. She is very familiar with the production, sales, and management of non-woven fabrics. The company must rely on her experience in this area to enable the company to develop steadily and grow.

(2) President Huang, Mei-hui is the representative of Universal Investment Co. Ltd., which holds 28.94% of the shares of the company and is the largest shareholder of the company. In addition, Huang, Mei-hui herself also holds 5.30% of the shares.

From the above, it is reasonable and necessary for Huang, Mei-hui to serve as the president and general manager. She is responsible for the company's operation and management to pursue the company's growth and create benefits for shareholders.

2. Countermeasures

(1) The company has 7 directors, currently only Huang, Mei-hui and Kao, Ching Hai are concurrently managers, so more than half of the company's directors do not concurrently serve as employees or managers.

(2) The seats of independent directors shall be established according to government regulations.

Table1: Major Shareholders of Institutional Shareholders

April 30, 2024

Names of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)
Universal Investment Co. Ltd.	Fortune Industrial and Commercial Development Foundation 36.64%
	Everspring Enterprises Inc. 22.02%
	Huang, Kun-Ling 6.96%
	Huang, Mei-Hui 6.96%
	Huang, Shu-huei 4.67%
	Huang, You-Cing 4.58%
	Huang, Ze-Yang 3.84%
	Universal Incorporation 3.09%
	Huang, Hong-Chun-Chun 3.03%
	Huang, Kun-Ming 2.38%
	Huang, Kun-Rong 2.38%

Note 1: If directors and supervisors are representatives of legal person shareholders, the name of the legal person's shareholders should be filled in.

Note 2: Fill in the name of the major shareholder of the legal person shareholder (whose shareholding ratio accounts for the top ten) and its shareholding ratio. If the major shareholder is a legal person, fill in the following table 2.

Note 3: If the legal person shareholder is not a company organization, the name and shareholding ratio of the shareholder should be disclosed, the name of the investor or donor (refer to the announcement of the Judiciary) and the ratio of capital contribution or donation, and if the donor has passed away, add "dead".

Table 2: Major Shareholders of Institutional Shareholders of Table 1

April 30, 2024

Names of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)
Fortune Industrial and Commercial Development Foundation	Founded by Huang, Zhe-Zhen (Dead)
Everspring Enterprises Inc.	Fortune Industrial and Commercial Development Foundation 44.10%
	Universal Investment Co. Ltd 34.87%
	Universal Incorporation 11.30%
	Huang, Kun-Rong 8.00%
	Huang, Mei-Hui 0.26%
	Huang, Ying-Lian 0.25%
	Huang, Hong-Chun-Chun 0.25%
	Huang, You-Cing 0.25%
	Huang, Kun-Ming 0.25%
	Huang, Kun-Ling 0.23%
Universal Incorporation	List of Major shareholders on page 61.

Note 1: If the major shareholder in Table 1 above is a legal person, the name of the legal person should be written.

Note 2: Fill in the name of the major shareholder of the legal person shareholder (whose shareholding ratio accounts for the top ten) and its shareholding ratio.

Note 3: If the legal person shareholder is not a company organization, the name and shareholding ratio of the shareholder should be disclosed, the name of the investor or donor (refer to the announcement of the Judiciary) and the ratio of capital contribution or donation, and if the donor has passed away, add "dead".

Directors' information (2)

1. Exposure of Professional position of directors and independent information of independent directors

Name \ Condition	Professional position and Experience (Note1)	Independent Situation (Note2)	Seats of independent directors in other companies
Huang, Mei-Hui President, (Universal Investment Co. Ltd. representative)	Master of Information Management, Eastern Michigan University, USA Served in Universal Incorporation for about 33years, served as general manager for about 22 years	—	None
Lam, Minh Director, (Universal Investment Co. Ltd. Representative)	Master of Industrial Engineering, Eastern Michigan University, USA Supervisor, Universal Investment Co. Ltd.	—	None
Kao, Ching-Hai Director (Universal Investment Co. Ltd. Representative)	Master of Business Administration, National Chengchi University Deputy General Manager, Universal Incorporation	—	None
Chang, Jin-Lian Independent Director	Graduated from Accounting, National Taipei University of Business Accounting Dept., Nan Ya Plastics Corporation · Accounting auditor, Formosa Petrochemical Corporation Member, Audit Committee, Universal Incorporation Not subject to Article 30 of the Company Act	1. Including but not limited to whether the person, spouse, and relatives within the second degree are the directors, supervisors, and employees of the company or its affiliated companies: None. 2. The number and proportion of the company's shares held by the person, spouse, and relatives within the second degree (or using another person's name): None. 3. Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company: None. 4. Amount of remuneration obtained for providing business, legal, financial, accounting and other services of the company or related enterprises in the last 2 years: None.	None
Wu, Cheng-Ming Independent Director	Graduated from Department of Nuclear Engineering, National Tsing Hua University Nuclear Engineering Project Manager, CTCI Smart Engineering Corporation Research Assistant, Nuclear Science and Technology Development Center, National Tsing Hua University Member, Audit Committee, Universal Incorporation Not subject to Article 30 of the Company Act	1. Including but not limited to whether the person, spouse, and relatives within the second degree are the directors, supervisors, and employees of the company or its affiliated companies: None. 2. The number and proportion of the company's shares held by the person, spouse, and relatives within the second degree (or using another person's name): 4 shares, Proportion 0%. 3. Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company: None. 4. Amount of remuneration obtained for providing business, legal, financial, accounting and other services of the company or related enterprises in the last 2 years: None.	None
Chang, Ming-Lun Independent Director	Graduated from Accountancy, Soochow University Asia Information Officer, Expeditors Taiwan Co., Ltd. Member, Audit Committee, Universal Incorporation Not subject to Article 30 of the Company Act	1. Including but not limited to whether the person, spouse, and relatives within the second degree are the directors, supervisors, and employees of the company or its affiliated companies: None. 2. The number and proportion of the company's shares held by the person, spouse, and relatives within the second degree (or using another person's name): None. 3. Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company: None. 4. Amount of remuneration obtained for providing business, legal, financial, accounting and other services of the company or related enterprises in the last 2 years: None.	None

Name / Condition	Professional position and Experience (Note1)	Independent Situation (Note2)	Seats of independent directors in other companies
Lu, Fei-Huang Independent Director	Graduated from Financial and Economics Law Group of Department of Law, National Chengchi University Sale & Principal, Fei-Huang clothing department store Supervisor, Universal Incorporation Member, Audit Committee, Universal Incorporation Not subject to Article 30 of the Company Act	1. Including but not limited to whether the person, spouse, and relatives within the second degree are the directors, supervisors, and employees of the company or its affiliated companies: None. 2. The number and proportion of the company's shares held by the person, spouse, and relatives within the second degree (or using another person's name): None. 3. Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company: None. 4. Amount of remuneration obtained for providing business, legal, financial, accounting and other services of the company or related enterprises in the last 2 years: NT\$6,000.	None

2 Diversity and independence of the board of directors:

- (1) Diversification of the board of directors: Describe the diversity policy, goals and achievements of the board of directors. Diversity policies include but are not limited to director selection criteria, professional qualifications and experience that the board of directors should have, gender, age, nationality, and cultural composition or ratio, and describe the company's specific goals and their achievement in relation to the previously disclosed policies.

The 7 members of the company's board of directors are all native citizens except Lam, Minh, who account for 85.7%; the age distribution of directors includes 6 directors aged 61-70 and 1 director aged 71-80. In addition to the above, the company also pays attention to gender equality in the composition of the board of directors. The current board members include 3 female members (2 of which are independent directors), and the proportion of female directors is 43%. In the future, the diversification policy will be updated in a timely manner depending on the operation, operation type and development needs of the board of directors, including but not limited to the two major aspects of standards such as basic conditions and values, professional knowledge and skills, so as to ensure that members of the board of directors should generally have the ability to perform their duties. Necessary knowledge, skills and accomplishments.

- (2) Independence of the board of directors: state the number and proportion of independent directors, explain the independence of the board of directors, and attach reasons to explain whether there are no circumstances stipulated in items 3 and 4 of Article 26-3 of the Securities Exchange Act, including the statement circumstances where the directors, supervisors, or directors and supervisors have spouses and relatives within the second degree of kinship.

The company has 7 directors, and the composition structure is 4 independent directors accounting for 57% of the directors; 2 directors with employee status accounting for 29% of the directors. There are only 2 directors with spouses and relatives within the second degree of relatives, accounting for 29% of the directors.

It is confirmed that more than half of the directors do not have spouses and relatives within the second degree of relatives, so there are no circumstances stipulated in items 3 and 4 of Article 26-3 of the Securities Exchange Act. The Board of Director is committed to assessing the independence of directors on an ongoing basis, taking into account all relevant factors, including: the ability of the relevant director to consistently ask constructive questions for management and other directors, express views independently of management or other directors, and the appropriateness of words and deeds on and off the board. The conduct of the company's directors, where appropriate, meets expectations and demonstrates the above characteristics.

After considering all the circumstances stated in this section, the Company considers all independent directors to be independent of the Company.

- Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience. In addition, explain whether there is no circumstance under Article 30 of the Company Law.
- Note 2: Independent directors should state the conditions of independence, including but not limited to whether the person, spouse, and relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies; the number and proportion of the company's shares held by relatives (or in the name of others); Whether you are a director, supervisor or employee of a company that has a specific relationship with the company (refer to Article 3, Item 1, Item 5-8, Article 3 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last two years.

2.2 General Manager, Deputy General Manager, Senior Manager, and Supervisors of Departments and Branch Agencies

Information on General Manager, Deputy General Manager, Senior Manager, and Supervisors of Departments and Branch Agencies

April 30, 2024

Title (Note 1)	Nationality	Name	Gender	Election date	Hold shares		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (Note 2)	Current positions in the Company	Any manager who is a spouse or relative within the second degree of kinship			Remark (Note 3)
					Shares	Shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Title	Name	Relation	
General Manager	R.O.C.	Huang, Mei-Hui	Female	Aug. 1, 2002	4,520,176	5.30%	89,033	0.10%	—	—	Master of Information Management, Eastern Michigan University, USA Sale Manager, Universal Incorporation	President, Hong Kong Everbig Int'l Investment Ltd. (Universal Incorporation representative) President & General Manager, Xiamen Universal Incorporation (Hong Kong Everbig Int'l Investment Ltd. representative) Director, Universal Investment Co., Limited. (Fortune Industrial and Commercial Development Foundation representative) Supervisor, Everspring Enterprises Inc. Director, Fortune Industrial and Commercial Development Foundation Director, Universal Culture and Education Foundation	None	None	None	Note 3
Deputy General Manager	R.O.C.	Kao, Ching- Hai	Male	July 26, 1991	246	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Deputy General Manager, Universal Incorporation	Supervisor, Universal Investment Co., Limited. Director, Fortune Industrial and Commercial Development Foundation	None	None	None	None
Audit supervisor	R.O.C.	Lin, Hsiao-Fen	Female	June 21, 1999	—	—	—	—	—	—	Dept. of Business Administration, Soochow University Audit Supervisor, Universal Incorporation	None	None	None	None	
Accounting Manager	R.O.C.	Liao, Shu-Chi	Female	Mar. 1, 2003	—	—	—	—	—	—	Accounting, Ling Tung University Accounting Manager, Universal Incorporation	None	None	None	None	

Note 1: General Manager, Deputy General Manager, Senior Managers, Supervisors of Departments and Branch Agencies and persons who hold positions equivalent to General Manager, Deputy General Manager, or Senior Managers shall be disclosed.

Note 2: Experience related to holding the current position, such as having worked in a verification and certification accounting firm or an affiliated enterprise during the preceding disclosure period, the title and position in charge should be stated.

Note 3: When the general manager or person of equivalent position (top manager) and the president are the same person, spouse or first-degree relative, the reason, rationality, necessity and countermeasures should be disclosed (such as increasing the number of independent directors, and should have more than half of the directors do not concurrently serve as employees or managers, etc.) related information.

Please refer to the reason, rationality, necessity and countermeasures for the chairman and general manager are same person in note 5 on page 16.

3. Remuneration for Directors, General Manager and Deputy General Manager of the recent year

3.1 Remuneration for Directors, General Manager and Deputy General Manager

(1) Remuneration paid to directors and independent directors

Unit: NT\$

Title	Name	Director's remuneration								Sum of A to D and Proportion of net income after tax after summing 4 items A, B, C, and D (Note 10)		Employee remuneration for other activities								Sum of A to D and Proportion of net income after tax after summing 7 items A, B, C, D, E, F, and G (Note 10)		Whether the person receives remuneration from other non-subsidiary companies or parent company that The Company has invested in (Note 11)		
		Remuneration (A) (Note 2)		Retirement pension (B)		Director's remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses and special expenses (E) (Note 5)		Retirement pension (F)		Employee's remuneration (G) (Note 6)								
		The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	Cash amount	Shares Sum	Cash amount	Shares Sum	The Company	All companies listed in this financial report (Note 10)			
President	Universal Investment Co., Ltd. representative Huang, Mei-Hui	-	-	-	-	70,895	70,895	21,000	21,000	91,895	91,895	1,843,978	1,843,978	-	-	119,830	119,830	-	-	2,055,703	2,055,703	11.58%	11.58%	Note
Director	Universal Investment Co., Ltd. representative Huang, Ming Hsiung	-	-	-	-	17,190	17,190	9,000	9,000	26,190	26,190	-	-	-	-	-	-	-	-	26,190	26,190	0.15%	0.15%	Note
	Universal Investment Co., Ltd. representative Lam, Minh	-	-	-	-	35,449	35,449	18,000	18,000	53,449	53,449	-	-	-	-	-	-	-	-	53,449	53,449	0.30%	0.30%	Note
	Universal Investment Co., Ltd. representative Kao, Ching-Hai	-	-	-	-	35,449	35,449	21,000	21,000	56,449	56,449	1,437,262	1,437,262	69,552	69,552	59,940	59,940	-	-	1,623,203	1,623,203	9.14%	9.14%	Note
Independent Director	Chang, Jin-Lian	20,000	20,000	-	-	35,449	35,449	21,000	21,000	76,449	76,449	-	-	-	-	-	-	-	-	76,449	76,449	0.43%	0.43%	Note
	Wu, Cheng-Ming	20,000	20,000	-	-	35,449	35,449	18,000	18,000	73,449	73,449	-	-	-	-	-	-	-	-	73,449	73,449	0.41%	0.41%	Note
	Chang, Ming-Lun	20,000	20,000	-	-	35,449	35,449	21,000	21,000	76,449	76,449	-	-	-	-	-	-	-	-	76,449	76,449	0.43%	0.43%	Note
	Lu, Fei-Huang	-	-	-	-	18,258	18,258	12,000	12,000	30,258	30,258	-	-	-	-	-	-	-	-	30,258	30,258	0.17%	0.17%	Note

1. Please describe the independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration based on the responsibilities, risks, investment time and other factors:

1.1 Remuneration (A) is NT\$20,000 per person per year for serving on the Remuneration Committee.

1.2 Director's remuneration (C) is the proposed 2023 remuneration; the total amount of director's remuneration in 2023 is NT\$ 283,588, which is the distributable amount for each director calculated based on the number of directors' distribution rights and the current year's in-service period.

1.3 Business execution expenses (D) are the traveling expenses for directors to attend the board meeting, and the traveling expenses for each attendance are NT\$3,000 per person.

2. In addition to the above table, remuneration of directors provide service to the Company (Remuneration received by the parent company/consultants of all companies in the financial report/reinvested enterprises that are not employees, etc.):
Lawyer's travel expenses t NT\$3,000.

Notes: 1. Director's remuneration (C) and employee remuneration (G) in this table are the proposed amounts for 2023.

2. Directors re-elected on June 27, 2023

Note 1: The names of directors shall be listed separately (for institutional shareholders, the names of institutional shareholders and representatives shall be listed separately), and the payments shall be disclosed collectively. Directors who also serve as General Manager or Deputy General Manager are already listed in the table and the table below (2).

Note 2: Remuneration of directors of the recent year (including salaries, job remuneration, severance, bonuses, and performance fees).

Note 3: Remuneration paid to directors of the recent year upon the approval of the Board of Directors.

Note 4: Business expenses paid out to directors in the recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included.

Note 5: Remuneration for directors concurrently holding positions in the Company (for positions that include the General Manager, Deputy General Manager, other managers, or employees) shall include salaries, job remuneration, severance, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, vehicles, and provision of physical items and services. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificates, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., should also be included in remuneration.

Note 6: For directors concurrently holding positions in the Company of the recent year (including the General Manager, Deputy Manager, other managers, or employees) and receiving the remuneration (including stock and cash), distribution of the recent year remuneration of Employees upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, distribution of the remuneration of the recent year shall be based on the proportion of the remuneration distributed last year and filled in attached file (4).

Note 7: Total remuneration in various items paid out to the Company's directors by all companies (including The Company) listed in the consolidated statement shall be disclosed.

Note 8: For the total remuneration in various items paid out to the Company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration.

Note 9: Total remuneration in various items paid to every director of The Company by all companies (including The Company) listed in the consolidated statement shall be disclosed. The name of the director shall also be disclosed in the proper remuneration range.

Note 10: Net income after tax refers to the net income after tax of individual or individual financial reports in the most recent year.

Note 11: a. This column should clearly indicate the amount of remuneration received by the directors of the company from the reinvested business outside the subsidiary or the parent company (if there is no one, please fill in "None").

b. If the directors of the company receive relevant remunerations from the investment from other non-subsidiary or parent company, the remuneration received by the company directors from the investment from other non-subsidiary or parent company, shall be included in column I of the remuneration scale table, and The name of the column is changed to "Parent Company and All Invested Enterprises".

c. Refer to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the company as directors, supervisors or managers of other non-subsidiary or parent company that The Company has invested in..

* The remuneration disclosed in the table is different from the income stipulated in the Income Tax Act. The purpose of the table is for the disclosure information instead of taxation.

(2) Remuneration for the General Manager and Deputy General Manager

Unit: NT\$

Title	Name	Salary (A) (Note 2)		severance / retirement pension (B)		Bonuses and special expenses etc. (C) (Note 3)		Employee's remuneration (D) (Note 4)				Sum of A to D and Proportion of net income after tax after summing 4 items of A, B, C, and D (%) (Note 8)		Whether the person receives remuneration from other non-subsidiary companies or parent company that The Company has invested in (Note 9)
		The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company		All companies listed in this financial report (Note 5)		The Company	All companies listed in this financial report	
								Cash Sum	Shares Sum	Cash Sum	Shares Sum			
General Manager	Huang, Mei-Hui	1,544,200	1,544,200	—	—	299,778	299,778	119,830	—	119,830	—	1,963,808 11.06%	1,963,808 11.06%	None
Vice General Manager	Kao, Ching-Hai	1,197,280	1,197,280	69,552	69,552	239,982	239,982	59,940	—	59,940	—	1,566,754 8.82%	1,566,754 8.82%	None

*Regardless of title, those whose positions are equivalent to general manager or deputy general manager (for example: president, chief executive officer, director...etc.) should be disclosed.

Note: The employee remuneration amount (D) in this table is the proposed distribution approved by the board of directors on March 15, 2024.

Note 1: The names of general manager and deputy general manager shall be listed separately, and the payments shall be disclosed collectively. Directors who also serve as General Manager or Deputy General Manager are already listed in the table and the table below (1).

Note 2: The salaries, job remuneration, severance of general manager and deputy general manager of the recent year.

Note 3: The bonuses, performance fees, transport, special expenses salaries, various allowances, dormitory, car allocation and others of general manager and deputy general manager of the recent year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included. In addition, the salary expenses recognized according to IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificates, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., should also be included in remuneration.

Note 4: Approved by the board of directors in the most recent year to distribute the amount of employee remuneration for the general manager and deputy general manager (including stock and cash), If such remuneration cannot be estimated, the remuneration to be distributed in current year shall be based on the proportion of the remuneration distributed last year and filled in table (4).

Note 5: Total remuneration in various items paid out to the Company's general manager and deputy general manager by all companies (including The Company) listed in the consolidated statement shall be disclosed.

Note 6: For the total remuneration in various items paid out to the Company's general manager and deputy general manager, the name of each general manager and deputy general manager shall be disclosed in the corresponding range of the remuneration.

Note 7: Total remuneration in various items paid out to the Company's general manager and deputy general manager by all companies (including The Company) listed in the consolidated statement shall be disclosed, the name of each general manager and deputy general manager shall be disclosed in the corresponding range of the remuneration.

Note 8: Net income after tax refers to the net income after tax of the recent year; those who have adopted the International Financial Reporting Standards, Net income after tax is the net income after tax of the most recent annual individual or separate financial report.

Note 9: a. the remuneration the Company's general manager and deputy general manager receives from other non-subsidiary companies or parent company that The Company has invested in shall be disclosed in this column.

b. If the general manager and deputy general manager receives remuneration from other non-subsidiary company or parent company, said remuneration shall be included in Column E in the remuneration range table. The name of the column shall also be changed to "Parent Company and All Invested Enterprises".

c. Remuneration in this case shall refer to remuneration, fees (including remuneration as a company employee, director, or supervisor), business expenses, and other related payments received by the general manager and deputy general manager of The Company for being a director, supervisor, or managerial officer of other non-subsidiary companies or parent company that The Company has invested in.

* The remuneration disclosed in the table is different from the income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information instead of taxation.

(3) The remuneration of the top five highest paid executives of listed companies

Unit: NT\$

Title	Name	Salary (A) (Note 2)		severance / retirement pension (B)		Bonuses and special Expenses etc. (C) (Note 3)		Amount of employee remuneration (D) (Note 4)				Sum of A to D and Proportion of net income after tax after summing 4 items of A, B, C, and D (%) (Note 6)		Whether the person receives remuneration from other non-subsidiary companies or parent company that The Company has invested in (Note 7)
		The company	All companies listed in this financial report (Note 5)	The company	All companies listed in this financial report (Note 5)	The company	All companies listed in this financial report (Note 5)	The company		All companies listed in this financial report (Note 5)		The company	All companies listed in this financial report	
								Cash Sum	Shares Sum	Cash Sum	Shares Sum			
General Manager	Huang, Mei-Hui	1,544,200	1,544,200	—	—	299,778	299,778	119,830	—	119,830	—	1,963,808 11.06%	1,963,808 11.06%	None
Vice General Manager	Kao, Ching-Hai	1,197,280	1,197,280	69,552	69,552	239,982	239,982	59,940	—	59,940	—	1,566,754 8.82%	1,566,754 8.82%	None
Accounting Manager	Liao, Shu-Chi	663,889	663,889	39,888	39,888	144,911	144,911	28,390	—	28,390	—	877,078 4.94%	877,078 4.94%	None

Note 1: The top five highest paid managers who are company managers, Criteria for identifying managers according to the former Securities and Futures Commission of the Ministry of Finance for "Manager's" regulations by the Ministry of Finance document number 0920001301 on March 27, 2003. As for the calculation and determination principles of "top five highest remuneration", it is based on the total amount of salaries, retirement pensions, bonuses and special expenses received by the company managers from all companies in the consolidated financial report, as well as the amount of employee remuneration (the total of the four items of A+B+C+D), and the top five highest rewards will be determined after sorting. If the director concurrently serves as the former supervisor, this form and the above form (1) should be filled out.

Note 2: The salaries, job remuneration, severance of the top five highest paid manager of the recent year.

Note 3: The bonuses, performance fees, transport, special expenses salaries, various allowances, dormitory, car allocation and others of the top five highest paid manager of the recent year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included. In addition, the salary expenses recognized according to IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificates,

Note 4: Approved by the board of directors in the most recent year to distribute the amount of employee remuneration for the top five highest paid manager (including stock and cash), If such remuneration cannot be estimated, the remuneration to be distributed in current year shall be based on the proportion of the remuneration distributed last year and filled in table (4).

Note 5: Total remuneration in various items paid out to the Company's the top five highest paid manager by all companies (including The Company) listed in the consolidated statement shall be disclosed.

Note 6: Net income after tax is the net income after tax of the most recent annual individual or separate financial report.

Note 7: a. The remuneration the Company's the top five highest paid manager receives from other non-subsidiary companies or parent company that The Company has invested in shall be disclosed in this column.

b. Remuneration refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors) and business execution received by the top five top remuneration executives of the company as director, supervisor, or managerial officer of other non-subsidiary companies or parent company that The Company has invested in.

* The remuneration disclosed in the table is different from the income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information instead of taxation.

(4) The name of the manager who distributes employee remuneration
and the distribution situation

April 30, 2024

Unit: NT\$

	Title (Note 1)	Name (Note 1)	Shares Sum	Cash Sum	Total	Percentage (%) of total amount to net income after tax
Managerial Officer	General Manager	Huang, Mei-Hui	—	208,160	208,160	1.17%
	Vice General Manager	Kao, Ching-Hai				
	Accounting Manager	Liao, Shu-Chi				

Note 1: Individual names and titles should be disclosed, but disclose status of profit distribution by Summary method.

Note 2: For managers receiving remuneration (including stock and cash), distribution of the employee's remuneration of the recent year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in current year shall be based on the proportion of the remuneration distributed last year. If IFRS is adopted, Net income after tax is the net income after tax of the most recent annual individual or separate financial report.

Note 3: The application range of managerial officer, according to the Ministry of Finance document number 0920001301 on March 27, 2003, and the range as below.

- (1) General manager and equivalent
- (2) Deputy general manager and equivalent
- (3) Senior manager and equivalent
- (4) Head of financial department
- (5) Head of accounting Department
- (6) Other persons who have the right to manage affairs and sign for the company

Note 4: If the directors, general manager and deputy general manager receive employee remuneration (including stock and cash), In addition to fill in table (1)&(2)&(3), this form should also be filled in.

3.2 Comparing and explaining the ratio of the total amount of remuneration paid to the company's directors, general managers and deputy general managers etc. in the last two years by the company and all companies in the consolidated statement to the after-tax net profit of individual or individual financial reports, and explaining the policy, standard and composition, procedures for determining remuneration and its related between business performance and future risk.

Unit: NT\$ thousand

Title	The company				All companies listed in the consolidated financial report			
	2023		2022		2023		2022	
	Total amount	Percentage of the net income after tax	Total amount	Percentage of the net income after tax	Total amount	Percentage of the net income after tax	Total amount	Percentage of the net income after tax
Director 's remuneration	485	2.73%	233	1.41%	485	2.73%	233	1.41%
General Manager and Deputy General Manager 's remuneration	3,530	19.88%	3,366	20.30%	3,530	19.88%	3,366	20.30%
Total	4,015	22.61%	3,599	21.71%	4,015	22.61%	3,599	21.71%

Explanation:

1. The net income after tax of individual financial report in 2023 and 2022 was NT\$17,755 thousand and NT\$16,580 thousand.
2. The total remuneration of the company's directors increased in 2023 compared with 2022, due to the net income before tax increased in 2023, and the directors' remuneration provision rate improve compared with 2022, because the net income before tax increased in 2023, and the employee's remuneration provision rate improve compared with 2022, Therefore, employee's remuneration will increase accordingly. There are two directors concurrently served as general manager and deputy general manager among the directors in 2023 and 2022.
3. The directors of the company who pay salaries are concurrently managerial officer or employees. The remuneration of managerial officer and employees is handled according to the relevant personnel regulations of the company, explanation as below:
 - (1)According to Article 29 of the Company Law, the appointment, dismissal and remuneration of managerial officer shall be made by the board of directors with the attendance of more than half of the directors and the resolution of more than half of the directors present.
 - (2)According to Article 24 of the Company Policy: The company has a number of managerial officer, whose appointment, dismissal and remuneration shall be handled in accordance with the provisions of Article 29 of the Company Law.
 - (3)According to the Ministry of Finance document number 0920001301 on March 27, 2003, the application range of managerial officer is extended to senior manager and equivalent, head of financial department, and head of accounting department, Therefore, the appointment, dismissal, and remuneration of the company's senior manager above and equivalent, head of financial department, and head of accounting department shall be resolved by the board of directors.
 - (4)The remuneration of managerial officer shall be handled in accordance with the relevant personnel regulations of the company, and shall be approved by the President, and the same way when adjustment.

4. Implementation of Corporate Governance

4.1 Implementation of the Board of Directors

(1) Information on implementation of the Board of Directors

There were 7 (A) meetings of the board of directors in the most recent year, and the attendance of the directors is as follows:

Title	Name (Note 1)	Actual Attendance B	Delegated presence	Actual Attendance Rate (%) 【B/A】 (Note 2)	Remark
President	Universal Investment Co., Ltd. Representative Huang, Mei-Hui	7	0	100	re-elected June 27,2023
Director	Universal Investment Co., Ltd. Representative Huang, Ming Hsiung	3	0	100	old June 27,2023
Director	Universal Investment Co., Ltd. representative Lam, Minh	6	0	85. 71	re-elected June 27,2023
Director	Universal Investment Co., Ltd. representative Kao, Ching-Hai	7	0	100	re-elected June 27,2023
Independent Director	Wu, Cheng- Ming	6	1	85. 71	re-elected June 27,2023
Independent Director	Chang, Jin-Lian	7	0	100	re-elected June 27,2023
Independent Director	Chang, Ming-Lun	7	0	100	re-elected June 27,2023
Independent Director	Lu, Fei-Huang	4	0	100	new June 27,2023

Other items that shall be recorded:

1.If the operation of the board of directors has one of the following status should be declared in writing, the date of the board meeting, period, content of proposal, opinions of all independent directors, and the company's handling of such opinions shall be stated.

1.1.For matters specified in Article 14-3 of Taiwan's Securities and Exchange Act

The date of the Board of Directors meeting	Period	Content of proposal	All Independent Directors' Opinions	The Company's Handling of Independent Directors' Opinions
Mar. 24, 2023	20th session 19 th meeting	1. 2023 Accountant Audit Public Expenses Case	Approved (no objection or reservations opinion)	Not applicable

1.2 In addition to the aforementioned matters, other resolutions of the board of directors that have been objected or reserved by independent directors and have records or written statement: None

2.The implementation of directors' recusal of interest-related proposals, the name of the director, the content of the proposal, the reasons for avoiding the interests of the directors, and the status of participation in voting should be stated: Please refer to Attached Table 1.

3.Listed OTC companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peer) evaluation, and fill in Attachment 2 (2) Implementation status of board evaluation.

4.The current and most recent year's goal of strengthening the functions of the board of directors (such as the establishment of an audit committee, the improvement of information transparency, etc.) and the evaluation of its implementation:

4.1 The company established an audit committee (composed of independent directors) on June 15, 2020

4.2 In terms of improving information transparency: the company announces and declares all items that should be reported at the public information observation station according to the regulations of the securities regulatory authority, and relevant information can also be found on the company's website.

Note1: The directors and supervisors are legal persons, the name of the legal person shareholder and representative should be disclosed.

Note2: 1. For directors and supervisors who resign before the end of the year, the resignation date should be indicated in the remarks column, and the actual (list) attendance rate (%) is calculated based on the number of board meetings and the actual number of attendance (list) during his tenure.

2. Before the end of the year, if there is a re-election of directors and supervisors, both the new and old directors and supervisors should be listed, and the directors and supervisors should be the former, new or re-elected and the date of re-election in the remarks column. The actual attendance (list) rate (%) is calculated based on the number of board meetings and the number of actual attendance (list) during his tenure.

Attachment 1

Execution of directors' recusal of interest related proposals

The date of the Board of Directors meeting	Period	Name of Directors	Content of proposal	Benefit avoidance reasons	Participate in voting
Jan. 17, 2023	20th session 18 th meeting	Huang, Mei-Hui Kao, Ching Hai	Review the company's year-end bonus for managers and non-vacation bonus cases in 2022.	Directors and managers, Huang Mei-Hui and Kao, Ching Hai avoided interests.	President Huang, Mei-Hui and director Kao, Ching Hai had withdrawn from the voting on this case, and the independent director Chang Jin-Lian presided over the consultation and the remaining directors present agreed to approve it without objection.
Aug. 10, 2023	21th session 3 th meeting	Huang, Mei-Hui Kao, Ching Hai	Review the 2022's annual employee remuneration plan for the company's managers.	Directors and managers, Huang Mei-Hui and Kao, Ching Hai avoided interests.	President Huang, Mei-Hui and director Kao, Ching Hai had withdrawn from the voting on this case, and the independent director Chang Jin-Lian presided over the consultation and the remaining directors present agreed to approve it without objection.

Attachment 2

(2) Implementation of Performance Evaluation of Board of Directors

Evaluation cycle (Note1)	Evaluation period (Note2)	Evaluation Scope (Note3)	Evaluation Method (Note4)	Evaluation content (Note5)
Once a year	Jan. 1 st , 2023 to Dec. 31 st , 2023	Board of Directors	Internal Self evaluation of Board of Directors	1.Participation in the operation of the company 2.Improvement of the quality of the board of directors' decision making. 3.Composition and structure of the board of directors. 4.Election and continuing education of the directors. 5.Internal control.
Once a year	Jan. 1 st , 2023 to Dec. 31 st , 2023	Individual directors	Self evaluation of board of directors members	1. Mastery of company goals and tasks. 2. Awareness of the duties of a director. 3.Participation in the operation of the company 4. Management of internal relationship and communication. 5. the director's professionalism and continuing education. 6. Internal control.

Note 1: Fill in the implementation cycle of the board of directors' evaluation, for example: once a year.

Note 2: Fill in the period covered by the evaluation of the board of directors, for example: evaluate the performance of the board of directors from January 1, 2019 to December 31, 2019.

Note 3: The range of evaluation includes the performance evaluation of the board of directors, individual director members and functional committees.

Note 4: Evaluation methods include internal self-evaluation by the board of directors, self-evaluation by directors, peer evaluation, appointment of external professional institutions, experts or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the range of

- (1) Performance Evaluation of Board of Directors: Including of participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control.
- (2) Performance Evaluation individual directors: Including of alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education; and internal control.
- (3) Performance Evaluation of Functional Committee: participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, functional committee composition and member Appointment and Internal control, etc.

4.2. Implementation of Audit Committee

There were 4 (A) meetings were held by the Audit Committee in the recent year and the attendance of independent directors is as follows:

Title	Name	Actual Attendance B	Delegated presence	Actual Attendance Rate (%) 【B/A】 (Note)	Remark
Independent Director	Wu, Cheng-Ming	4	0	100	re-elected June 27,2023
Independent Director	Chang, Jin-Lian	4	0	100	re-elected June 27,2023
Independent Director	Chang, Ming-Lun	4	0	100	re-elected June 27,2023
Independent Director	Lu, Fei-Huang	2	0	100	new June 27,2023

Other items that shall be recorded:

1. In case of any of the following situations in the operation of the audit committee, the audit committee meeting date, period, content of proposals, independent directors' objections, results of audit committee resolutions, and the company's handling of the opinions of the audit committee.

1.1 Listing Article 14-5 of the Securities and Exchange Act.

Audit Committee meeting date	Period	Content of proposals	Independent Directors' Objections	Results of Audit Committee resolutions	The company's Handling of the Audit Committee's opinion
Mar. 21, 2023	1th session 12 th meeting	1.The company's 2022 business report and financial statements (including individual and consolidated financial statements) are submitted for deliberation.	No objection or modified opinion	Approval	Not applicable
		2.The company's 2022 profit distribution case.	No objection or modified opinion	Approval	Not applicable
		3. Cash dividend distribution case in 2022.	No objection or modified opinion	Approval	Not applicable
		4.The results of the self-assessment report of the company's internal control system in 2022.	No objection or modified opinion	Approval	Not applicable
		5.The case of accountants auditing public fees in 2023.	No objection or modified opinion	Approval	Not applicable
Nov. 10, 2023	2th session 2 th meeting	1.The case for changing visa accountant.	No objection or reservation	Approval	Not applicable

1.2 Except above, others that approved by two thirds of boards of directors and not approved by Audit Committees: None.

2. For the avoidance of conflict of interest by independent directors, the names of independent directors, content of proposal, reasons for the avoidance of conflict of interest, and the participation in the vote shall be stated: None.

3. Communication of independent directors between audit manager and accountant. (Including of important items, methods, results of the company's finance, sales)

3.1 Communication of independent directors between audit manager: The audit regularly submits audit reports to independent directors for review

3.2 Communication of independent directors between accountant

3.2.1.The annual financial report is audited by accountants and submitted to independent directors for review.

3.2.2.If independent directors have questions and need to ask accountants to explain, accountants will explain to independent directors in detail.

3.2.3.Accountants will attend the board of directors meeting twice a year, and explain to directors (including independent directors) "according to the Auditing Standards Bulletin No. 62, the accountants should communicate with the governance unit of the auditee for discussion."

Note: * If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the term of office and the actual number of attendance.

* If there is re-election of independent directors before the end of the year, both the new and former independent directors should be listed, and the independent directors' former, new or re-election date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendance during his tenure.

4.3 State of corporate governance, gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps

Assessed items	State of operations (Note)			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
1. Did the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	V		The company has established a corporate governance code of practice, which is disclosed on the company's website www.uk.com.tw and disclosed in the Corporate Governance Zone of the Market Observation Post System of the Taiwan Stock Exchange Corporation.	None
2. Equity structure and shareholders' rights of the Company				None
2.1 Did the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?\	V		2.1 The company has a spokesperson or deputy spokesperson to deal with the above issues .	
2.2 Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		2.2.1 Based on the register of shareholders provided by the agency department of China Trust Commercial Bank, the company's stock affairs agency, and the monthly insider shareholding change declaration information, the company grasps the equity changes of the major shareholders who actually control the company. 2.2.2 List of ultimate controllers of major shareholders: If the director is a legal person, regularly ask the legal person for the latest list of directors and supervisors or the registration card for changes.	
2.3 Did the Company establish and enforce risk control and firewall systems with its affiliated businesses?	V		2.3 In addition to regular audits of various businesses, the company has established "subsidiary supervision operations" in the internal control system to standardize and control various related operations.	
2.4 Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		2.4 The company's internal control system has established management operations to prevent insider trading.	

Assessed items	State of operations (Note)			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
<p>3. Composition and responsibilities of the Board of Directors:</p> <p>3.1 Has the board of directors formulated a diversity policy, specific management goals and implemented them regarding its membership?</p> <p>3.2 In addition to Salary and Remuneration Committee and Audit Committee established according to law, has the Company voluntarily established other functional committees?</p> <p>3.3 Did the Company stipulate regulations for assessing the performance of the Board of Directors and the process of assessment? Are these performance assessments carried out regularly every year?</p> <p>3.4 Did the Company regularly implement assessments on the independence of the CPA?</p>		<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>3.1 Undecided, under development.</p> <p>3.2 The Company has established the Remuneration Committee and Audit Committee in accordance with regulations and laws. No other functional committee is established</p> <p>3.3 Decided , regular performance evaluation every year, and report the results of the performance evaluation to the board of directors</p> <p>3.4 Internal accountants are rotated on a regular basis according to laws and regulations, and approved by the company's board of directors.</p>	None
<p>4. Whether the listed & OTC company has a qualified and appropriate number of corporate governance personnel, and designate a corporate governance supervisor to be responsible for corporate governance related matters including but not limited to providing the directors and supervisors to carry out the business required information, handling the matters relating to the meetings of the board of directors and the shareholders' meeting, registrations and changes in the registrations in the company, making the minutes of the board of directors and the shareholders' meeting?</p>	V		<p>The company has set up a corporate governance supervisor who is responsible for corporate governance-related matters, and personnel from the general manager's office, planning and financial department accounting and other units will assist in corporate governance-related matters including providing the information required by the directors and the audit committee, handling matters related to the meetings of the board of directors, audit committee and shareholders' meeting according to law, handling company registration and change registration, making minutes of the board of directors, audit committee and shareholders' meetings, etc.</p>	None

Assessed items	State of operations (Note)			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
5. Has the Company established a communication channel with stakeholders? Has a stakeholders' area been established on the Company's website? Are major corporate social responsibility (CSR) topics concerning the stakeholders addressed appropriately by the Company?	V		5.1 In addition to disclosing information on the Market Observation Post System and the company's website according to regulations, all interested parties can contact by telephone, fax, or e-mail at any time if necessary, and the company actively participates in relevant association activities. In addition, the company has set up a customer service team, conducts annual customer satisfaction surveys, etc., as a communication channel with customers, and regularly interviews employees as a communication channel with employees. 5.2 The company's website has a special section for interested parties (details 7, information disclosure (1) explanation).	None
6. Has the Company delegated a professional shareholder services agent to handle the shareholders' meeting?	V		The company entrusts the Agency Department of CTBC Bank to handle relevant shareholders' meeting affairs	None
7. Information disclosure 7.1 Did the Company establish a website to disclose information on financial operations and corporate governance?	V		7.1 The Company has setup a stakeholder area page with contact information in the company website. (http://www.uk.com.tw) · disclose monthly revenue information, financial information (including annual quarterly consolidated financial report and annual consolidated and individual financial report), shareholder columns (including stock price, shareholder meeting notices, meeting manuals, minutes, annual reports, top ten annual reports Shareholder relationship form, spokesperson and stock representative's name (or organization), contact number, email address, etc., company's major news, contact information of interested parties, corporate governance (company organization chart, legal person briefing), Company regulations, board of directors, internal audit (please see the company's website for detailed information), ISO certification (certificate); there are also perspectives on Universal Incorporation, product introduction and guest message area, etc.	None
7.2 Did the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor	V		7.2.1 The Company established a website with English version to disclose information: Company Profile · Our Products · Investor Relations (Content: Administration · Monthly Revenue Information · Financial Information · Shareholder's Bulletin · News Bulletin) · Contact Us and so on. 7.2.2 There is a designated person responsible for the collection and disclosure of company information, and the implementation of the spokesperson	

Assessed items	State of operations (Note)			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
<p>implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?</p> <p>7.3 Does the company announce the annual financial report within two months after the end of the fiscal year, and announce the first, second, and third quarter financial reports and the operating status of each month before the prescribed deadline?</p>		V	<p>system...etc.</p> <p>7.3 Not yet available</p>	
<p>8. Did the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?</p>	V		<p>8.1 Interests and rights of employees, care for employees : The company handles employee-related affairs according to the Labor Standards Law and other relevant labor laws and regulations, and safeguards the rights and interests of employees (please refer to page 87, 5. Operation Overview, 5. Labor Relations).</p> <p>8.2 Relation with investors : The company have good communication with investors · Investors can inquire about the company's operating status through the spokesperson and acting spokesperson. The company discloses relevant information in the Market Observation Post System according to the regulations, investors can understand the company's financial and business status; the company's website also has a special area for investors and interested parties, which discloses corporate governance, revenue information, financial information, and shareholder columns. and important news.</p> <p>8.3 Relation with suppliers : The company maintains a good relationship with suppliers, every regular supplier has established a "supplier data card" and regularly reviews it to stabilize the source and quantity of raw materials required by the company.</p> <p>8.4 Rights of interested parties: The company attaches great importance to protecting the rights of stakeholders. In addition to disclosing information at the Market Observation Post System according to regulations, all stakeholders can contact by telephone, fax, or E-mail any time if necessary, and the company also actively participates in</p>	None

Assessed items	State of operations (Note)			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
			<p>relevant association activities. In addition, the company has set up a customer service team and conducts customer satisfaction surveys every year as a communication channel with customers. It also regularly interviews employees as a communication channel with employees. In addition, the company website has a special section for interested parties.</p> <p>8.5 The status of directors and managers' training: (1) Continuing education of directors : 7 directors participated in refresher courses this year, please refer to point 2 on page 49(8). (2) Continuing education of managers : there is accounting executive participating in refresher courses this year, please refer to point 3 on page 50 (8).</p> <p>8.6 Execution of risk management policies and risk measuring standards. (1) The company has insured appropriate property insurance for the important assets of the company and the factory (including factory buildings, machinery and equipment, wealth-generating appliances, inventories, etc.). (2) The company pays attention to the implementation of the internal control system to control various operational and financial risks and abide by various relevant laws and regulations.</p> <p>8.7 Execution of customer policies : The company has a customer service team. If customer has complaint, the company will handle it in a fair and just manner. If compensation is required, it shall be settled according to the compensation method and amount agreed by both parties.</p> <p>8.8 Situations where the company purchases liability insurance for directors (including independent directors) and managers: The company has purchased one-year liability insurance for directors (including independent directors) and managers on May 26, 2024, and will continue to purchase directors and managers liability insurance when it expires.</p>	
<p>9. Please explain the improvement of the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those that have not been improved. (Companies not included in the evaluation do not need to fill in) For those who have not yet improved, put forward priority strengthening items and measures: none.</p>				

Note : Whether the operation status is checked "Yes" or "No", it should be stated in the summary sheet.

4.4 If the company has established a remuneration committee, it shall disclose its composition and operation:

4.4.1 Information on the members of the Salary and Remuneration Committee

April 30, 2024

Identity (Note 1)	Condition Name	Professional qualifications and experience (Note 2)	The requirements of independence (Note 3)	Number of salary and remuneration committee memberships concurrently held in other public companies
Independent Director convener	Chang, Jin-Lian	See page 18 for information on directors (2) in table	See page 18 for information on directors (2) in table	None
Independent Director	Wu, Cheng-Ming	See page 18 for information on directors (2) in table	See page 18 for information on directors (2) in table	None
Independent Director	Chang, Ming-Lun	See page 18 for information on directors (2) in table	See page 18 for information on directors (2) in table	None

Note1: Please describe in the form the relevant working experience, professional qualifications, experience and independence of the members of each salary and remuneration committee. If you are an independent director, you can make a note to describe the relevant content in Table 1 Director and Supervisor Information (1) on page OO. Please fill in the identity as independent director or other (if it is the convener, please add a note).

Note2: Professional qualifications and experience: State the professional qualifications and experience of individual salary and remuneration committee members.

Note3: Independence conditions: Describe the independence conditions of the members of the salary and remuneration committee, including but not limited to whether the person, spouse, and relatives within the second degree are the directors, supervisors or employees of the company or its affiliated enterprises; The number and proportion of the company's shares held by the person, spouse, and relatives within the second degree (or in the name of others); Directors, supervisors, or employees as stipulated in Subparagraphs 5-8, Item 1, Article 6 of the Regulations); the amount of remuneration received for providing business, legal, financial, and accounting services to the company or its affiliated companies in the last two years.

4.4.2. Scope of Responsibilities of the Remuneration Committee

(1) Members of this committee shall fulfill their responsibilities as good administrators, perform the following functions and powers, and submit their

suggestions to the board of directors for discussion. However, if the supervisor's salary proposal is submitted to the board of directors for discussion, the supervisor's salary is stipulated in the company's articles of association or the board of directors is authorized to handle it by resolution of the shareholders' meeting:

- a. Regularly review the organizational regulations of the company's salary and Remuneration committee and propose amendments.
- b. Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance goals and policies, systems, standards and structures for salary and remuneration.
- c. Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual salaries.

- (2) When performing the functions and powers of the preceding paragraph, the committee shall follow the principles as below:
 - a. Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and attract outstanding talents.
 - b. The performance evaluation and remuneration of directors, supervisors and managers shall refer to the payment situation of the same industry level, and consider the time invested by the individual, the responsibilities assumed, the achievement of personal goals, the performance of other positions, and the company's rewards for those who have given equivalent positions in recent years salary remuneration is based on the achievement of the company's short-term and long-term business goals, the company's financial status, etc. to evaluate the rationality of individual performance, company operating performance and future risks.
 - c. Directors and managers should not seek remuneration to engage in behaviors that exceed the company's risks.
 - d. The proportion of dividends for short-term performance of directors and senior managers and the payment time of some variable salary remuneration need to be determined by considering the characteristics of the industry and the nature of the company's business.
 - e. Members of this committee are not allowed to participate in discussions and votes on their personal salary and remuneration decisions.
- (3) Salary remuneration referred to in the organizational regulations of the remuneration committee of the company includes: cash remuneration, stock options, dividends, retirement benefits or resignation benefits, various allowances and other measures with substantial rewards. Its scope should be consistent with the remuneration of directors, supervisors, and managers in the guidelines for matters to be recorded in the annual report of public companies.
- (4) If the remuneration of the directors and managers of the subsidiaries of the company needs to be approved by the board of directors of the company, it

should be submitted to the board of directors for discussion after the committee makes recommendations.

4.4.3. Operations of the Salary and Remuneration Committee

- (1) The Company has a Remuneration Committee composed of 3 members.
- (2) The duration of the current term of service is from July 10, 2023 to June 26, 2026. A total of three Remuneration Committee meetings were held in the recent year. The following lists member qualifications and presence at these meetings:

Title	Name	Actual presence (B)	Delegated presence	Rate of actual Presence (%) (B/A) (Note)	Remarks
Convener	Chang, Jin-Lian	3	0	100	re-elected July 10, 2023
Member	Wu, Cheng-Ming	3	0	100	re-elected July 10, 2023
Member	Chang, Ming-Lun	3	0	100	re-elected July 10, 2023

Other items that shall be recorded:

1. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Salary and Remuneration Committee, the date of the Directors' Meeting, session, contents discussed, results of meeting resolutions, and the Company's disposition of opinions provided by the Salary and Remuneration Committee shall be described in detail (also, where the salary and remuneration approved by the Directors' Meeting is better than that recommended by the Salary and Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.
2. Where resolutions of the Salary and Remuneration Committee include a dissenting or qualified opinion that is on record or stated in a written statement, the date, session, contents discussed, opinions from every member, and disposition of the members' opinions shall be described in detail: None.

Note:(1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual number of attendance during the period of employment.

- (2) Before the end of the year, if there is re-election of the remuneration committee, both the new and former members of the remuneration committee should be listed, and the member should be the former, new or re-elected and re-elected date in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during the working period and the number of actual attendance.

4.5 Implementation of sustainable development promotion and the differences and reasons from the code of practice for sustainable development of listed & OTC companies

Assessed items	State of operations (Note 1)			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
1. Has the Company established an exclusively (or concurrently) dedicated unit for promoting sustainable development? Is the unit empowered by the Board of Directors to implement sustainable development activities at upper management levels? Does the unit report the progress of such activities to the Board of Directors?		V	Not yet set.	The company's paid-in capital has not reached NT\$2 billion. According to Article 2 of the Taiwan Stock Exchange's "Operation Measures for the Preparation and Submission of Sustainability Reports for Listed Companies", the company is applicable preparation and submission of sustainability report since 2025.
2. Does the Company implement risk evaluation of environment, society, corporate governance by materiality principle, and stipulated risk management systems or policies? (Note 2)		V	Not yet set.	Same as the previous item
3. Environment issue 3.1 Has the Company referred to the nature of its industry to establish a suitable environment management system (EMS)? 3.2 Is the Company committed to improving usage efficiency of various resources and	V V		3.1 The Factory Management Division is responsible for the management and maintenance of the environment. 3.2 The company makes appropriate use of ear materials, B Grade fabrics, and recycle PP in	None

Assessed items	State of operations (Note 1)			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
<p>utilizing renewable resources with reduced environmental impact?</p> <p>3.3 Does the Company evaluate with changes to the global climate and how it may affect now and future risk and opportunity, and countermeasures of related climate issue?</p> <p>3.4 Does the Company computed greenhouse gas emissions, water consumption, the total weight of waste for last two years, stipulated strategies for reducing energy consumption, greenhouse gas emissions, water consumption, others waste emissions?</p>	V		<p>nonwoven production.</p> <p>3.3.1 The company installs energy-saving equipment for process air-conditioning equipment.</p> <p>3.3.2 Install solar power generation equipment on the roof of the factory building in accordance with regulations.</p> <p>3.4 The factory declares the air pollution fee declaration of fixed pollution sources every quarter according to the regulations.</p>	
<p>4. Society issue</p> <p>4.1 Has the Company referred to relevant laws and International Convention on Human Rights to stipulate relevant management policies and procedures?</p> <p>4.2 Has the Company established and implement an employee welfare measures (include salary, leave and other welfare), and reflect the Company's business performance on employees' salary?</p>	V		<p>4.1 The company protects the legitimate rights and interests of employees in accordance with the Labor Standards Law, relevant labor laws and regulations, and respects the principles of internationally recognized basic labor human rights.</p> <p>4.2 Company vacations, labor insurance, health insurance, pensions, etc. are handled in accordance with government regulations; the company evaluates the performance of each employee at the end of each year, and then</p>	None

Assessed items	State of operations (Note 1)			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
4.3 Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	V		increases or decreases individual year-end bonuses and reference factors for employee remuneration distribution based on performance. The company determines the appropriate employee remuneration according to the amount of profit. 4.3 The company pays attention to occupational safety and health management, and regularly conducts physical examinations for employees.	
4.4 Has the Company established an effective competency development career training program for employees?	V		4.4 The company provides employees with internal and external training opportunities from time to time, and uses the agent system to train employees with multiple functions.	
4.5 Does the company follow relevant laws and international standards for issues such as customer health and safety, customer privacy, marketing and labeling of products and services and formulate relevant consumer or customer rights protection policies and complaint procedures?	V		4.5 The barcode of the mask product is marked in accordance with international standards; the company has a customer service team. If customer has complaint, the company will handle it in a fair and just manner. If there is a compensation problem, it will be resolved according to the compensation method and amount agreed by both parties.	
4.6 Does the Company establish suppliers' management system and request suppliers follow related rules and implement situation for environmental protection, occupational safety and health or labor rights?	V		4.6 The company and suppliers pay attention to environmental protection.	

Assessed items	State of operations (Note 1)			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
5. Does the company refer to internationally accepted standards or guidelines for preparing reports, and compile reports such as sustainability reports that disclose the company's non-financial information? Has the previous disclosure report obtained the confirmation or guarantee opinion of a third-party verification unit?		V	Not compiled yet.	The company's paid-in capital has not reached NT\$2 billion. According to Article 2 of the Taiwan Stock Exchange's "Operation Measures for the Preparation and Submission of Sustainability Reports for Listed Companies", the company is applicable preparation and submission of sustainability report since 2025.
6. If the Company makes its own corporate social responsibilities according to the rule of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the implement and differences: None				
7. Other important information for better understanding of corporate social responsibilities: None				

Note 1: Implementation status If you tick "Yes", please specify the important policies, strategies, measures and implementation status adopted; If you ticked "No" for implementation status, please explain the difference and reasons in the column of "Differences from the Code of Practice for Sustainable Development of Listed & OTC Companies and Reasons", and explain the plan to adopt relevant policies, strategies and measures in the future. However, regarding promotion projects 1 and 2, listed & OTC companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. And describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders.

Climate-related Information of Listed Companies

1 Execution status of Climate-related Information

Items	Execution Status
<ol style="list-style-type: none"> 1. Description on the Board and Management's oversight and governance on climate-related risks and opportunities 2. Description on how the identified climate risks and opportunities impact the company's business, strategies, and finance (short, mid, long term) 3. Description on the impact extreme climate events and transitional actions have on finance 4. Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system 5. Should scenario analysis is used to assess the Company's resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided 6. Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks 7. Should the internal carbon pricing is used as the planning tool, the pricing mechanism should be explained 8. Should climate-related targets are in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated 9. Carbon inventory and assurance efforts and reduction goals, strategy and specific action plans (fill in 1-1 and 1-2) 	<p>The company is still collecting information and evaluate. According to Article 4-1 of the Taiwan Stock Exchange's "Operation Measures for the Preparation and Submission of Sustainability Reports for Listed Companies" because the company's paid-in capital does not reach NT\$5 billion, the company's climate-related information should be disclosed as individual company data starting in 2026, and consolidated parent and subsidiary data starting in 2027; individual data should be completed starting in 2028 The company information is believed to be completed, and the consolidated statements of the parent and subsidiary companies will begin in 2029.</p>

1-1 Company greenhouse gas inventory and confirmation status in the last two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/million yuan) and data coverage of greenhouse gases in the past two years.

Because the company's paid-in capital does not reach NT\$5 billion, the company's climate-related information should be disclosed as individual company data starting in 2026, and consolidated parent and subsidiary data starting in 2027

Note 1 : Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the company), energy indirect emissions (Category 2 refers to indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions. (Category 3 refers to emissions generated by company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies)

Note 2: The coverage of direct emissions and energy indirect emissions data shall be processed in accordance with the timetable specified in Article 10, Paragraph 2 of the Code, and other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: : ISO 14064-1 issued by Greenhouse Gas Inventory Protocol Greenhouse Gas Protocol, GHG Protocol or International standard organization.

Note 4 : The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) should be stated.

1-1-2 Greenhouse Gas Confirmation Information

A description of the confirmation in the last two years as of the publication date of the annual report, including the scope, organization, criteria and opinions of the confirmation.

Because the company's paid-in capital does not reach NT\$5 billion, individual data should be completed starting in 2028 the company information is believed to be completed, and the consolidated statements of the parent and subsidiary companies will begin in 2029.

Note 1 : It shall be processed in accordance with the timetable specified in Article 10, Paragraph 2 of the Code . If the company does not obtain a complete greenhouse gas assurance opinion by the publication date of the annual report, it should indicate that "the complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should indicate that "complete and confident information will be disclosed in the public information observatory" and disclose complete and confident information in the next annual report.

Note 2 : Certification institutions should comply with the relevant requirements for certification institutions on sustainability reports stipulated by the Taiwan Stock Exchange Co., Ltd. and the Securities Over-the-Counter Trading Center of the Republic of China.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans Gas Confirmation Information

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

Because the company's paid-in capital does not reach NT\$5 billion, disclosure should be completed from 2027.

Note 1 : It shall be processed in accordance with the timetable specified in Article 10, Paragraph 2 of the Code

Note 2 : The base year should be the year in which the inventory is completed based on the consolidated financial reporting boundary, for example, according to the provisions of Article 10, Paragraph 2 of this Code, companies with a capital of more than 10 billion yuan should complete the review of the 2024 consolidated financial report in 2025, so the base year is 2024. if the company has completed the review of the consolidated financial report in advance, the earlier year will be used as the base year. in addition, the data for the base year can be calculated as the average of a single year or several years.

4.6 Implementation of Integrity Management

Items assessed	State of operations (Note)			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
<p>1. Stipulating policies and plans for ethical corporate management</p> <p>1.1 Does the Company established clearly indicated policies and activities that approved by Board of Directors, related to ethical corporate management in its bylaws and external documents? Are the Company's directors and senior management actively fulfilling their commitment to corporate policies?</p> <p>1.2 Does the Company established e dishonesty evaluation system, analysis regularly, evaluate business activities with a higher dishonesty activities risk and preventive measures for the items prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		<p>1.1 The company has established the "Code of Integrity Management", "Code of Ethical Conduct" and " Internal major information processing procedures ". The ethical code of conduct includes: preventing conflicts of interest, avoiding opportunities for self-interest, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws and regulations, encouraging reporting of any illegal or violation of the code of ethics, and disciplinary measures. The company's integrity management code and ethical code of conduct are disclosed on the company's website and the market observation Post System (the relevant regulations on corporate governance are set rules/listing).</p> <p>1.2 Article 7 of the Company's Integrity Management Code provides preventive measures.</p>	None

Items assessed	State of operations (Note)			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
1.3 Has the Company stipulated a plan to forestall unethical conduct? Has the Company clearly prescribed procedures, best practices, and disciplinary and appeal systems for violations within said plan? Is the plan implemented accordingly?	V		1.3 The company's integrity management code stipulates "prohibition of dishonest behavior", interests, compliance with laws and regulations, integrity management policy, prevention plan and scope, education and training and assessment, punishment and appeals, etc.	
2. Implementing ethical corporate management 2.1 Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct? 2.2 Has the Company established an exclusively (or concurrently) dedicated unit for promoting ethical corporate management that answer to the Board of Directors? Does said unit regularly (at least once a year) report to the Board of Directors on the state of its activities? 2.3 Has the Company established policies preventing conflicts of interest, provided proper channels of appeal, and enforced these policies and channels accordingly?	V V V		2.1.1 Article 8 of the Company's Integrity Management Code stipulates the commitment to implement the integrity management policy, and it is actually implemented in internal management and business activities. 2.1.2 Verification will be done before the transaction. 2.2 Currently not set up, under development. 2.3 Those who have regulatory proposals and conflicts of interest in the board of directors should avoid participating in discussions and voting, Article 16 of the Company's Integrity Management Code stipulates the rules for the avoidance of interests of directors, managers and other interested parties who attend or attend the board of directors.	None

Items assessed	State of operations (Note)			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
<p>2.4 Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits for evaluation of dishonesty risk and make audit plan to audit dishonesty situation that carried out by the Company's internal audit unit or commissioned to a CPA?</p> <p>2.5 Does the Company regularly organize internal and external training for ethical corporate management?</p>	V		<p>2.4 The internal audit unit checks the accounting system-related operations in accordance with the annual plan of the internal control regulations, and the accountant checks the accounting system-related matters when checking the financial report. Article 17 of the Company's Integrity Management Code stipulates relevant regulations on accounting and internal control.</p> <p>V 2.5 Currently there is no plan for relevant education and training, which is under development.</p>	
<p>3. Status for enforcing whistleblowing systems in the Company</p> <p>3.1 Has the Company established concrete whistleblowing and reward systems and accessible whistleblowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistleblower?</p>	V		<p>3.1 The company's Code of Ethical Conduct encourages the reporting of any illegal or violation of the Code of Ethical Conduct: The company should strengthen the promotion of moral concepts, and encourage employees to report to managers, internal audit supervisors or other appropriate personnel when they suspect or discover violations of laws, regulations or ethical codes of conduct. In order to encourage employees to report violations, the company uses methods such as submitting letters in the suggestion box or anonymous reports via E-mail, and assigns special personnel to investigate and deal with them, and let</p>	None

Items assessed	State of operations (Note)			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
<p>3.2 Has the Company stipulated standard operating procedures (SOP) and relevant systems of confidentiality for investigating the case being exposed by the whistleblower?</p> <p>3.3 Has the Company adopted protection against inappropriate disciplinary actions against the whistleblower?</p>	V		<p>employees know that the company will do its best to protect the safety of the reporter and prevent them from retaliation.</p> <p>3.2 Refer to the description in (1), and the company will take relevant necessary confidentiality measures.</p> <p>3.3 The company will let employees know that the company will do its best to protect the safety of the reporter from retaliation; no reports have been received so far.</p>	
<p>4. Improvement of information disclosure</p> <p>Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System (MOPS)?</p>	V		<p>The company has established a code of integrity management and disclosed it on the company's website www.uk.com.tw and disclosed in the Corporate Governance Zone of the Market Observation Post System, which sets relevant rules and regulations for corporate governance/listing.</p>	None
<p>5. Where the company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company : None.</p>				
<p>6. Other important information for better understanding of the integrity operation : None.</p>				

Note: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

4.7 If the Company has stipulated best practices for corporate governance and other relevant by laws, the means to search for these by laws shall be disclosed. :

The company has a corporate governance code of practice, the company's code of ethical conduct, the company's code of integrity management, organization regulations of the company's remuneration committee and the organization regulations of the Audit Committee. The inquiry methods are as follows:

4.7.1 The company's website www.uk.com.tw.

4.7.2 Taiwan Stock Exchange Market Observation Post System → Corporate Governance.

4.8 Other Important Corporate Governance Information :

4.8.1 The company has established " Internal major information processing procedures " as the basis for the company's major information processing and disclosure, and Irregularly review this method to meet current laws and practical needs. This method is also announced internally for managers and employees to review, and at the same time, the insiders of the company are notified of important information handling precautions from time to time. For relevant content, please refer to the company's website www.uk.com.tw.

4.8.2 Directors' training status:

Title	Name	Training date	Training sponsor	Course Title	Hours
Representative of Legal person director	Huang, Mei-Hui	Aug. 17, 2023	Chinese Corporate Governance Association	Family wealth inheritance Practical seminar	3
Representative of Legal person director	Lam, Minh	Sep. 4, 2023	Financial Supervisory Commission Republic	The 14th Taipei Corporate Governance Forum" Afternoon Session	3
Representative of Legal person director	Kao, Ching-Ha	Sep. 4, 2023	Financial Supervisory Commission Republic	The 14th Taipei Corporate Governance Forum" Afternoon Session	3
Independent director	Chang, Jin-Lian	Apr. 27, 2023	Co-hosted by Taiwan Stock Exchange, OTC	Publicity meeting on sustainable development action plan of listed companies	3
		May 26, 2023	Executive Yuan Ministry of environment	Lectures and discussions on "Green Chemistry to Create Sustainability"	3
		Sep. 4, 2023	Financial Supervisory Commission Republic	The 14th Taipei Corporate Governance Forum" Morning Session	3
		Nov. 15, 2023	Securities & Futures Institute	2023 Legal compliance briefing on insider equity transactions	3
Independent director	Wu, Cheng-Ming	May 26, 2023	Executive Yuan Ministry of environment	Lectures and discussions on "Green Chemistry to Create Sustainability"	3
		Sep. 4, 2023	Financial Supervisory Commission Republic	The 14th Taipei Corporate Governance Forum" Morning Session	3
Independent director	Chang, Ming-Lun	Oct. 13, 2023	Securities & Futures Institute	Prevention of Insider Trading Publicity Conference in 2023	3
Independent director	Lu, Fe-Huang	Oct. 13, 2023	Securities & Futures Institute	Prevention of Insider Trading Publicity Conference in 2023	3

4.8.3 Managers and auditor's training status:

Title	Name	Training date	Training sponsor	Course Title	Hours
Accounting Manager	Liao, Shu-Chi	Oct. 26, 2023 to Oct. 27, 2023	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12
Accounting Manager agent	Cheng, Chin-Mei	Nov. 23, 2023 to Nov. 24, 2023	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12
Audit supervisor	Lin, Hsiao-Fen	June 13, 2023	The Institute of Internal Auditor – Chinese Taiwan	Practical analysis and matters needing attention in Shareholders' Meeting and Company Law	6
		Aug. 31, 2023	Accounting Research and Development Foundation	The latest policy development and internal control management related to "ESG Sustainability" and "Self-preparation of Financial Reports"	6
Audit supervisor agent	Ciu, Ming-Yi	June 20, 2023	Securities & Futures Institute	Discussion on the Latest Regulations and Audit Practices of Information Security	6
		Dec. 8, 2023	Securities & Futures Institute	Audit of information security management and detection of information security incidents	6
Corporate Governance director	Liao, Shu-Chi	Sep. 4, 2023	Financial Supervisory Commission Republic	The 14th Taipei Corporate Governance Forum" full Session	6
		Sep. 26, 2023 to Sep. 27, 2023	Securities & Futures Institute	Directors and supervisors (including independent) and company supervisory supervisor practical research class	12

4.8.4 The company and its financial information transparency personnel have obtained the relevant certificates and licenses designated by the competent authority:

- (1) Financial department: not obtained relevant certificates.
- (2) Audit department: 1 certificate of international internal auditor.

4.9 Implementation of Internal Control System

4.9.1 Statement of Internal Controls: Please refer to page 54.

4.9.2 Any accountant commissioned to conduct a project review of the ICS shall disclose the accountant's audit report: not applicable.

4.10 Any legal penalty enacted upon The Company and its personnel, or any penalty, major defects, and state of improvements enacted by The Company upon its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

4.11 Major resolutions of the shareholders' meeting and the Board meeting in the most recent year up to the publication date of this report. Please refer to page 55-57.

4.12 As of the printing date of annual report, Directors or supervisors have different opinions that have been noted on the record or declared in writing in connection with the important resolutions passed by the Board of Directors: None.

4.13 Summary of the resignations of the company's president, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the publication date of the annual report: None.

5. CPA Expenses

CPA Expenses

Amount unit: NT\$ thousand

Name of the accounting firm	Name of accounting	Audit period	Accounting charge	Non-accounting charge	Total	Remarks
Deloitte Touche Tohmatsu Limited Taiwan	Hsueh, Chun-Ming	Jan. 1, 2023 to	2,000	100	2,100	Office Internal adjustment
	Chang, Chun-Yi	Sep. 30, 2023				
	Chu, Szu-Lan	Oct. 1, 2023 to				
	Chang, Chun-Yi	Dec. 31, 2023				

Please specify the content of non-audit public service services:
English financial report expenses.

Note: If the company has changed its accountant or accounting firm this year, please list the audit period separately, explain the reason for the change in the remarks column, and disclose the information for audit and non-audit public fees paid. Non-audit public fees should be accompanied by a note explaining the service content. In the following circumstances, the following matters shall be disclosed:

- (1) If the accounting firm is changed and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount of audit fee before and after the change and the reasons shall be disclosed: Not applicable.
- (2) If the audit public fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason of the audit public fee reduction shall be disclosed: Not applicable.

6. Alternation of CPA: None.

7. The Company's President, General Manager, or any Managers in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

8. Equity transfer or changes to equity pledge of directors, supervisors, managers, or shareholders holding more than 10% of company shares in the most recent year to the publication date of this report.

8.1 Changes to the equity of directors, supervisors, managers, and major shareholders

Title (Note 1)	Name	2023		As of April 23, 2024	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Director, Major shareholder	Universal Investment Co., Ltd.	85,000	—	—	—
Independent Director	Wu, Cheng-Ming	—	—	—	—
Independent Director	Chang, Jin-Lian	—	—	—	—
Independent Director	Chang, Ming-Lun	—	—	—	—
Independent Director	Lu, Fei-Huang	—	—	—	—
General Manager	Huang, Mei-Hui	1,620,000	—	—	—
Deputy General Manager	Kao, Ching Hai	—	—	—	—
Accounting Manager	Liao, Shu-Chi	—	—	—	—

Note 1: Shareholders holding more than 10% of the company's total shares should be marked as major shareholders and listed separately.

Note 2: If the counterparty of equity transfer or equity pledge is a related party, the following table should still be filled out.

8.2 Information on equity transfer: None.

8.3 Information on equity pledge: None.

9. The information for relationships of the top ten shareholders who they are related parties, spouses, or relatives within the second degree of kinship.

Information on relationships among the top ten shareholders:

April 23, 2024

Name (Note 1)	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationships of the top ten shareholders where they are related parties, spouses, or relatives within the second degree of kinship (Note 3)		Remark
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Name (or name)	Relations	
Universal Investment Co. Ltd.	24,679,800	28.94%	—	—	—	—	—	—	None
Representative : Huang, Kun-Ming	1,067,304	1.25%	—	—	—	—	Note 4	relatives within the second degree of kinship	
Fortune Industrial and Commercial Development Foundation	5,537,596	6.49%	—	—	—	—	—	—	None
Huang, Mei-Hui	4,520,176	5.30%	89,033	0.10%	—	—	Note 4	relatives within the second degree of kinship	None
Huang, Kun-Ming	1,067,304	1.25%	—	—	—	—	Note 4	relatives within the second degree of kinship	None

Name (Note 1)	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationships of the top ten shareholders where they are related parties, spouses, or relatives within the second degree of kinship (Note 3)		Remark
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Name (or name)	Relations	
Huang, Kun-Rong	688,000	0.81%	—	—	—	—	Note 4	relatives within the second degree of kinship	None
Citibank Custodian for Barclays Bank - Barclays Bank SBL/PB Investment Account	536,101	0.63%	—	—	—	—	—	—	None
Wang, Sing-Wen	394,000	0.46%	—	—	—	—	—	—	None
Citibank Custodian for UBS Bank European SE Investment Account	305,332	0.36%	—	—	—	—	—	—	None
Cheng, Wen-Hao	281,000	0.33%	—	—	—	—	—	—	None
Chen, Swei-Syuan	243,000	0.28%	—	—	—	—	—	—	None

Note 1: All the top ten shareholders should be listed, and the names of legal person shareholders and representatives should be listed separately for those who are legal person shareholders.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, spouse, minor children or in the name of others.

Note 3: The shareholders listed above include legal persons and natural persons, and the relationship between them should be disclosed in accordance with the provisions of the issuer's financial reporting standards.

Note 4: Huang, Kun-Ming, Huang, Kun-Rong, and Huang, Mei-Hui are second-degree relatives of each other.

10. Number of shares held and percentage of stake of investment in other companies by the Company, the Company's director, manages, or an entity directly or indirectly controlled by the Company, and calculations for the consolidated shareholding percentage of the above categories.

Comprehensive shareholding ratio

Unit: share; %

Shift in investment	Investment by the Company		Investments by the Directors, supervisors, managers, and companies directly or indirectly controlled by the Company		Consolidated investment	
	Number of shares	shares Shareholding percentage	Number of shares	shares Shareholding percentage	Number of shares	shares Shareholding percentage
Hong Kong Everbig Int'l Investment Ltd.	89,246,160	79.01	15,896,400	14.07	105,142,560	93.08
Universal Investment Co., Ltd.	1,686,623	3.09	3,801,144	6.96	5,487,767	10.05
Everspring Enterprises Inc.	872,813	11.30	2,713,650	35.13	3,586,463	46.43
Fu Hua Venture Capital INC.	7,499	2.50	—	—	7,499	2.50

Note: Data at the end of December 2023.

Universal Incorporation

Statement of Internal Control System

March 15, 2024

Hereby, declares the internal control system of the company in 2023 based on the results of self-assessment as below:

1. The company is well aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the company's board of directors and managers, the company has established such a system. Its purpose is to achieve the goals of operation effectiveness and efficiency (including profit, performance and asset safety protection, etc.), report reliability, timeliness, transparency and compliance with relevant regulations, etc.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Guidelines for Implementation of Establishing Internal Control System by Listed Companies" (hereinafter referred to as "Guidelines" has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Guidelines" are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments, 3. Control activities, 4. Information and communication, 5. Monitoring. Each element also includes several items. For the foregoing items, refer to "Guidelines".
4. The company has used the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the company believes that the company's internal control system (including the supervision and management of subsidiaries) on December 31, 2023 includes understanding the effect of operations and the achievement of efficiency goals. The degree of reporting is reliable, timely, transparent and complies with relevant norms and relevant laws and regulations. The design and implementation of the relevant internal control system are effective, which can reasonably ensure the achievement of the above goals.
6. This statement will become the main content of the company's annual report and prospectus, and disclose to the public. If there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the company's board of directors on March 15, 2024. Among the seven directors present, none of them held an objection, and all of them agreed with the content of this statement and hereby declare it.

Universal Incorporation

President: Huang, Mei-Hui

General Manager: Huang, Mei-Hui

Major resolutions of the shareholder's meeting and the Board of Directors meetings

1. Major resolutions of the shareholder's meeting

Date	Major resolutions	Execution situation					
June 27, 2023	<p>1. Please acknowledge the 2022 annual business report and financial statements. The company's 2022 annual business report and financial statements have been approved by the board of directors and submitted to the audit committee for review.</p> <p>This case was passed by voting as it is.</p>	The financial report has been uploaded to the Market Observation Post System on March 31, 2023, and a written report has been submitted to the relevant securities authorities.					
	<p>2. Please acknowledge the 2022 profit distribution case.</p> <p>A cash dividend of NT\$0.5 per share.</p> <p>This case was passed by voting as it is.</p>	On July 10, 2023, the board of directors set the dividend distribution base date as August 2, 2023, and completed the distribution of cash dividends on August 25, 2023.					
	<p>3. Election of the company's 21st term directors (including independent directors). The company's 20th term directors (including independent directors) will expire in June 14, 2023. The 21st term directors will be elected (including independent directors) at shareholders' meeting in 2023. The 20th term directors extended until June 27, 2023, dismissal after election of new directors (including independent directors) by the shareholders' meeting.</p> <p>This case was passed by voting as it is.</p> <p>Elected list :</p>	<p>The directors (including independent directors) elect one person from each other to be the chairman of the board according to company law and the company's articles of association.</p> <p>The new directors elected the chairman of the board of directors on June 27, 2023. All the directors present unanimously elected Huang Meihui, the representative of Evergrande Investment Co., Ltd., as the chairman of the company.</p> <p>The list of re-elected directors (including independent directors) will be changed and registered, and was approved by the Commercial Division of the Ministry of Economic Affairs on July 24, 2023.</p>					
	<table border="1"> <tr> <td>Director</td> <td>Universal Investment Co. Limited representative: Huang, Mei-Hui</td> </tr> <tr> <td></td> <td>Universal Investment Co. Limited representative: Lam, Minh</td> </tr> <tr> <td></td> <td>Universal Investment Co. Limited representative: Kao, Ching Hai</td> </tr> </table>		Director	Universal Investment Co. Limited representative: Huang, Mei-Hui		Universal Investment Co. Limited representative: Lam, Minh	
Director	Universal Investment Co. Limited representative: Huang, Mei-Hui						
	Universal Investment Co. Limited representative: Lam, Minh						
	Universal Investment Co. Limited representative: Kao, Ching Hai						
<table border="1"> <tr> <td>Independent Director</td> <td>Chang, Jin-Lian 、Wu, Cheng -Ming</td> </tr> <tr> <td></td> <td>Chang, Ming-Lun 、Lu, Fei-Huang</td> </tr> </table>	Independent Director	Chang, Jin-Lian 、Wu, Cheng -Ming		Chang, Ming-Lun 、Lu, Fei-Huang			
Independent Director	Chang, Jin-Lian 、Wu, Cheng -Ming						
	Chang, Ming-Lun 、Lu, Fei-Huang						
<p>4. Release of non-competition restrictions on directors. Regarding to Article 209 of the Company Act, the director acts for himself or others within the scope of the company's business, shall report to the shareholders' meeting to explain the important content of their actions and</p>	If the 21st term newly elected Directors of the company hold other company positions, the release list of non-competition restrictions on directors:						

Date	Major resolutions	Execution situation	
	<p>obtain the company's shareholder' meeting permission. If the 21st term newly elected Directors of the company have the above circumstances, shareholders' meeting agree to release their non-competition restrictions.</p> <p>This case was passed by voting as it is.</p>	Name/Title	Hold other company positions
		Universal Investment Co., Limited Representative : Huang, Mei-Hui	President & General Manager, Xiamen Universal Incorporation
		Universal Investment Co., Limited Representative : Lam, Minh	Director, Xiamen Universal Incorporation
	<p>5. Revision of the articles of association of the company is submitted for discussion.</p> <p>This case was passed by voting as it is.</p>	<p>The revised articles of association of the company have completed the modification registration and were approved by the Department of Commerce of the Ministry of Economic Affairs on July 24, 2023.</p>	

2. Major resolutions of the Board of Directors meetings

Date	Major resolutions
Jan. 17, 2023	<p>1.The company's year-end bonus for managers and bonus for untaken annual leave proposal in 2022 was passed.</p> <p>2.The company's consolidated business plan report in 2023 was approved.</p> <p>3.The company's application to Mega International Commercial Bank Taipei Branch for a comprehensive credit line to provide real estate Mortgage is the case of collateral was approved.</p>
March 24, 2023	<p>1.The 2022's employee remuneration and director remuneration distribution proposal was passed.</p> <p>2.The company's annual business report and financial statements in 2022 (including individual and consolidated financial statements) was acknowledged.</p> <p>3.The company's earnings distribution proposal of 2022 was approved.</p> <p>4.The 2022's cash dividend distribution proposal was approved.</p> <p>5.The revision of the company's articles of association was passed.</p> <p>6.The re-election of the twenty-first session of directors (including independent directors) proposal was passed</p> <p>7.The proposal to lift the restrictions on non-competition for directors of the company was passed.</p> <p>8.The proposal for company's ordinary shareholders' meeting in 2023, the content of meeting date, place, method, the discussion and the date of closing the transfer of shares, etc. was passed</p> <p>9.The 2022's Annual Board Performance Evaluation Results Report was approved.</p> <p>10.The results of the company's internal control system self-assessment report in 2022 was approved.</p> <p>11.The 2023's accounting charge case was passed.</p>

Date	Major resolutions
	<p>12.The greenhouse gas inventory and verification schedule plan of the company's consolidated subsidiaries (including subsidiaries reporting entities in consolidated statements) was approved.</p> <p>13.The proposal for establishment of a corporate governance supervisor. Was passed.</p> <p>14.The proposal for establishment of an information security supervisor was passed.</p>
May 10, 2023	<p>1.The company's consolidated financial statements for the first quarter of 2023 was acknowledged.</p> <p>2. The board of directors is requested to review the list of nominated directors and independent director candidates was passed.</p>
June 27, 2023	<p>1. Election of Chairman was passed.</p>
July 10, 2023	<p>1.The proposal to determine the company's cash dividend distribution base date and distribution date was passed.</p> <p>2.Recruitment of members of the company's salary and remuneration committee was passed.</p>
Aug. 10, 2022	<p>1.The company's consolidated financial statements for the first half of 2023 was acknowledged.</p> <p>2. The company's application to Mega Internation Commercial Bank Taipei Branch for a comprehensive credit line was approved.</p> <p>3.The 2022's director remuneration distribution plan for the company's directors was approved.</p> <p>4.The 2022's annual employee remuneration distribution plan for the company's managers was approved.</p> <p>5.The 2024's work plan of the company's remuneration committee was approved.</p>
Nov. 10, 2023	<p>1.The company's consolidated financial statements for the third quarter of 2023 was acknowledged.</p> <p>2.The company's internal audit plan in 2024 was approved.</p>
Feb. 2, 2024	<p>1.The company's year-end bonus for managers and bonus for untaken annual leave proposal in 2023 was passed.</p> <p>2.The company's consolidated business plan report in 2024 was approved.</p> <p>3.The change of visa accountant case was passed.</p>
March 15, 2024	<p>1.The 2023's employee remuneration and director remuneration distribution proposal was passed.</p> <p>2.The company's annual business report and financial statements in 2023 (including individual and consolidated financial statements) was acknowledged.</p> <p>3.The company's earnings distribution proposal of 2023 was approved.</p> <p>4.The 2023's cash dividend distribution proposal was approved.</p> <p>5.The proposal for company's ordinary shareholders' meeting in 2024, the content of meeting date, place, method, the discussion and the date of closing the transfer of shares, etc. was passed.</p> <p>6.The 2023's Annual Board Performance Evaluation Results Report was approved.</p> <p>7.The results of the company's internal control system self-assessment report in 2023 was approved.</p> <p>8.The 2024's accounting charge case was passed.</p>

IV. Capital Overview

1. Capital and Share

1.1 Source of capital

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Number of shares (share)	Amount (NT\$)	Number of shares (share)	Amount (NT\$)	Source of capital shares	Equity contributions made in the form of assets other than cash	Others
Oct,1962	100	25,000	2,500,000	25,000	2,500,000	Established	None	None
May,1970	100	40,000	4,000,000	40,000	4,000,000	Capital cash increase	None	None
July,1972	100	50,000	5,000,000	50,000	5,000,000	Capital cash increase	None	None
June,1976	100	300,000	30,000,000	300,000	30,000,000	Capital cash increase and capital reserves to capital increase.	The company merged 8 Million	None
June,1977	100	330,000	33,000,000	330,000	33,000,000	Capital cash increase	None	None
June,1979	100	390,000	39,000,000	390,000	39,000,000	Capital cash increase, capital reserves and earnings to capital increase.	None	None
Dec,1983	100	700,000	70,000,000	700,000	70,000,000	Capital cash increase and capital reserves to capital increase.	None	None
Feb,1989	100	3,000,000	300,000,000	1,275,000	127,500,000	Capital cash increase	None	None
June,1990	10	30,000,000	300,000,000	19,750,000	197,500,000	Capital cash increase	None	None
Dec,1992	10	30,000,000	300,000,000	30,000,000	300,000,000	Capital cash increase	None	None
Aug,1994	10	50,000,000	500,000,000	36,000,000	360,000,000	Capital reserves to capital increase (Note 1)	None	None
Aug,1995	10	50,000,000	500,000,000	39,510,000	395,100,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 2)	None	None
Aug,1996	10	50,000,000	500,000,000	44,000,000	440,000,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 3)	None	None
Aug,1997	10	53,000,000	530,000,000	53,000,000	530,000,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 4)	None	None
Aug,1998	10	85,000,000	850,000,000	61,500,000	615,000,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 5)	None	None
Sep,1999	10	85,000,000	850,000,000	69,450,000	694,500,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 6)	None	None
Oct,2000	10	130,000,000	1,300,000,000	80,650,000	806,500,000	Earnings 、 capital reserves and employee bonus to capital increase (Note 7)	None	None

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Number of shares (share)	Amount (NT\$)	Number of shares (share)	Amount (NT\$)	Source of capital shares	Equity contributions made in the form of assets other than cash	Others
Oct,2001	10	130,000,000	1,300,000,000	89,640,000	89,640,000	Earnings and employee bonus to capital increase out of (Note 8)	None	None
Mar,2003	10	130,000,000	1,300,000,000	89,111,000	891,110,000	Capital reduction by treasury stock 529,000 shares (Note 9)	None	None
Sep,2009	10	130,000,000	1,300,000,000	91,784,330	917,843,300	Earnings to capital increase (Note 10)	None	None
Sep,2010	10	130,000,000	1,300,000,000	94,537,860	945,378,600	Earnings to capital increase (Note 11)	None	None
Sep,2011	10	130,000,000	1,300,000,000	100,682,821	1,006,828,210	Earnings to capital increase (Note 12)	None	None
Oct,2014	10	130,000,000	1,300,000,000	100,330,821	1,003,308,210	Capital reduction by treasury stock 352,000 shares (Note 13)	None	None
Oct,2016	10	130,000,000	1,300,000,000	85,281,198	852,811,980	Capital reduction by cash refund 15,049,623 shares (Note 14)	None	None

Note 1 : Approved by the Ministry of Finance document no. 32593 on July 21,1994

Note 2 : Approved by the Ministry of Finance document no. 39156 on July 3,1995

Note 3 : Approved by the Ministry of Finance document no. 41703 on July 24,1996

Note 4 : Approved by the Ministry of Finance document no. 52998 on July 7,1997

Note 5 : Approved by the Ministry of Finance document no. 59625 on July 13,1998

Note 6 : Approved by the Ministry of Finance document no. 74826 on Aug. 13,1999

Note 7 : Approved by the Ministry of Finance document no. 72324 on Aug. 25, 2000

Note 8 : Approved by the Ministry of Finance document no. 150665 on Aug. 9,2001

Note 9 : Approved cancellation by the Ministry of Finance document no. 0920104357 on Feb .10, 2003

Note10 : Approved by the Financial Supervisory Commission document no. 0980034430 on July 10, 2009

Note11 : Approved by the Financial Supervisory Commission document no. 0990035555 on July 9, 2010

Note12 : Approved by the Financial Supervisory Commission document no. 1000031908 on July 11, 2011

Note13 : Approved cancellation by the Financial Supervisory Commission document no. 1030041757 on Oct. 15, 2014

Note14 : Approved capital reduction by the Financial Supervisory Commission document no.1050037221 on Sep. 21, 2016

Type of shares	Authorized stock			Remarks
	shares outstanding	Unissued shares	Total	
Common Shares	85,281,198 shares (listed stocks)	44,718,802 shares	130,000,000 shares	—

1.2 Shareholder structure :

April 23, 2024

Shareholder structure Quantity	Government Agency	Financial Agencies	Others Legal person	Individual	Foreign Institutions and foreigners	Total
The number of people	0	2	76	26,412	43	26,533
Shares held	0	2,000	30,547,016	52,469,728	2,262,454	85,281,198
Proportion of shares held (%)	0.00%	0.00%	35.82%	61.53%	2.65%	100.00%

1.3 Stock ownership distribution :

Stock ownership distribution
(Nominal value Per share NT10)

April 23, 2024

Stock holding classification	Number of shareholders	Shares held	Shareholding percentage
1 to 999	14,332	452,083	0.53%
1,000 to 5,000	10,460	20,119,875	23.59%
5,001 to 10,000	1,033	8,181,513	9.59%
10,001 to 15,000	288	3,723,083	4.37%
15,001 to 20,000	158	2,966,099	3.48%
20,001 to 30,000	115	2,957,807	3.47%
30,001 to 40,000	44	1,601,915	1.88%
40,001 to 50,000	30	1,380,747	1.62%
50,001 to 100,000	50	3,708,695	4.35%
100,001 to 200,000	11	1,488,122	1.74%
200,001 to 400,000	6	1,672,282	1.96%
400,001 to 600,000	1	536,101	0.63%
600,001 to 800,000	1	688,000	0.81%
800,001 to 1,000,000	0	0	0.00%
1,000,001 or more	4	35,804,876	41.98%
Total	26,533	85,281,198	100.00%

1.4 List of major shareholders :

Name of major shareholders	Stock type	Shares held	Shareholding percentage
Universal Investment Co., Ltd.		24,679,800	28.94%
Fortune Industrial and Commercial Development Foundation		5,537,596	6.49%
Huang, Mei-Hui		4,520,176	5.30%
Huang, Kun-Ming		1,067,304	1.25%
Huang, Kun-Rong		688,000	0.81%
Citibank Custodian for Barclays Bank - Barclays Bank SBL/PB Investment Account		536,101	0.63%
Wang, Sing-Wen		394,000	0.46%
Citibank Custodian for UBS Bank European SE Investment Account		305,332	0.36%
Cheng, Wen-Hao		281,000	0.33%
Chen, Suei-Syuan		243,000	0.28%

1.5 Market price per share, net value, earnings, dividends and related information in last two years

Item		Year	2023	2022	As of March 31, 2024
Market price per share	Max		49.35	61.70	48.85
	Min		22.10	21.00	28.85
	Average		25.00	32.03	40.14
Net value per share	Before distribution		32.45	32.60	32.66
	After distribution		31.85	32.10	—
Earnings per share	Weighted average number of shares		85,281,198	85,281,198	85,281,198
	Earnings per share		0.21	0.19	0.16
Dividend per share	Cash dividend		0.60	0.50	—
	Stock Dividends	From Retained Earnings	—	—	—
		From Capital Reserve	—	—	—
	Cumulative unpaid dividends		—	—	—
Return on investment analysis	Price / Earnings Ratio		119.05	168.58	—
	Price / Dividend Ratio		41.67	64.06	—
	Cash Dividend Yield Rate (%)		2.40	1.56	—

* If there is a capital increase allotment with surplus or capital reserve, the market price and cash dividend information retrospectively adjusted according to the number of issued shares should be disclosed.

Note: 1. The par value of each share is NT\$10, and based on the weighted average number of shares to calculate the earnings per share. If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

2. The Company's 2023 profit distribution has been approved by the Board of Directors. The resolution was NT\$ 0.6 cash dividend per share to shareholders.

1.6 The Company dividend policy and implementation status

1.6.1 Dividend policy stipulated within the articles of association as below

Article 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.

1.6.2 Proposed earning distribution at the Shareholders' Meeting: The Company's profit distribution of 2022 has been approved by the Board of Directors on March 15, 2024. The resolution was NT\$ 0.6 cash dividend per share.

1.7 The effect of issuance of bonus shares in this shareholders' meeting on the Company's operating performance, earnings per share:

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

1.8 Compensation of employees and directors:

1.8.1 The ratio or range of employee and director remuneration stated in the company's articles of Incorporation:

Article 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.

1.8.2 The remuneration basis for employees and directors; Accounting Treatment for the differences between estimated and actual amount of remuneration:

During the accounting period when employees and directors provide labor services, the company makes appropriate estimates on the possible amount of employee and director remuneration based on past experience. If the estimated amount is different from the actual distribution amount approved by the resolution of the board of directors, it will be treated as a resolution of the board of directors based on accounting changes. Profit and loss for the year.

1.8.3 Remuneration Approved in the Board of Directors Meeting:

The Company's board of directors passed the resolution on March 15, 2024, and reported to the shareholders' meeting on June 21, 2024.

(1) If Employees and directors' Remuneration in the form of cash or stock is different with the estimated annual amount of recognized expenses, the discrepancy, reason and process shall be disclosed:

Employee cash remuneration of NT\$850,763 and director cash remuneration of NT\$283,588 which are no different from the employee remuneration and director's remuneration in the 2023 financial statements.

(2) Proportion of the amount of employee remuneration distributed by stock to the total amount of after-tax net profit and employee remuneration in the current individual or individual financial report: 0.

1.8.4 The actual distributed remuneration of employees and directors in the last year ((including number of shares, amount and stock price) and if there is any difference from the remuneration of employee, directors, should be stated in discrepancy, reasons and processing situation:

On March 24, 2023, The Board of Directors have approved Employee remuneration of NT\$118,657 and directors remuneration of NT\$47,463, which is no different from the remuneration of employee, directors in the 2022 financial statements.

1.9 The situation of the company buying back the company's shares:

1.9.1 The situation of the company buying back the company's shares (if the execution has been completed)

April 30, 2024

buyback session	First (Session)	Second (Session)
Purpose of buyback	Maintain the company's credit and shareholders' equity	Maintain the company's credit and shareholders' equity
buyback period	2002.12.03 to 2003.01.28	2014.08.13 to 2014.10.12
Price range of buyback	7.5 - 10	16 - 19
Types and quantity of buyback shares	Common stock 529,000 shares	Common stock 352,000 shares
Shares value of buyback	NT 4,525,084	NT 6,496,921
Ratio of the buyback quantity to the expected quantity (%)	5.9%	7.04%
Number of shares cancelled or transferred	529,000 shares	352,000 shares
Cumulative number of shares held in the company	0	0
The ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	0	0

1.9.2. The situation of the company buying back the company's shares (still in progress) : None.

2. Corporate Bonds : None.

3. Preferred Shares: None.

4. Overseas Depository Receipts: None.

5. Employee Stock Options: None.

6. Status of Employee Restricted Stock Shares: None.

7. Status of New Shares Issuance with Mergers and Acquisitions: None.

8. Financing plans and implementation:

8.1 Plan content:

As of the quarter before the date of publication of the annual report, the previous completed public issuance or private placement has not been completed or has been completed within the last three years and the planned benefits has not yet emerged: None.

8.2 Execution situation:

The purpose of each plan in the preceding paragraph, analyze until as of the quarter before the date of publication of the annual report, the implementation situation compare with the original expected benefits: Not applicable.

V. Operation Overview

1. Business content

1.1 Business scope

1.1.1 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.

1.1.2 Business Ratio (2023)

Main Product	Turnover	Revenue percentage
Spunbond & Composite Nonwoven	338,731	83.48%
Meltblown Nonwoven	7,783	1.92%
Material processing	1,819	0.45%
Subtotal of Nonwoven	348,333	85.85%
Converted Products	44,455	10.95%
Others	12,975	3.20%
Total	405,763	100.00%

Note: Analysis is based on net operating income.

1.1.3 Current product items

- (1) P.P Spunbond Nonwoven.
- (2) P.P. Meltblown Nonwoven.
- (3) P.P. SMMS (Spunbond/Meltblown/Meltblown/Spunbond), Composite Nonwoven, SMS Composite Nonwoven.
- (4) Material processing:
 - A. Lamination nonwoven fabric:
 - (a) Spunbond + Meltblown nonwovens.
 - (b) Spunbond + Meltblown + Spunbond nonwovens.
 - (c) Spunbond + Meltblown + other non-woven or other materials.
 - (d) Spunbond + Film + Spunbond or other nonwovens or other materials.
 - (e) Laminate Spunbond with other materials.
 - (f) Laminate Meltblown with other materials.
 - B. Material with special treatment:

Including post-treatment of non-woven fabrics, hydrophilic treatment, Electret Charge, antistatic, anti-ultraviolet, alcohol repellency, anti-mite and antibacterial, soft treatment, Coating, lamination and printing, etc.
- (5) Downstream processing products of non-woven fabrics:

Flat medical masks and surgical masks, 3D medical masks and customized masks, high-end masks.

In response to the demand for epidemic prevention products from the worldwide influenza virus, the company purchased mask machine and equipment in May 1999, and produced and sold masks according to the market demand, so as to digest the self-produced non-woven materials and increase the added value of products.

Due to the outbreak of the COVID-19 (new corona virus) epidemic at the beginning of 2020, our company cooperated with the government's policy of requisitioning masks and actively produced masks in February 2020. In February, we signed a "Conditional Free Mask Machine Contract" with the Industrial Bureau of the Ministry of Economic Affairs. "Ten mask machines allocated to our company have been installed and put into production before the end of March 2020.

In 2020, the COVID-19 epidemic continued to spread around the world, and the supply of masks was in short supply.

In the second half of 2020, the company purchased 17 more flat mask machines and equipment to meet the high market demand and assist in epidemic prevention.

In 2021, the company purchased additional 3D mask machines and customized mask-related machines, which can be used to produce 3D medical masks, various high-end masks and customized masks.

1.1.4 New products planned to be developed

(1) Research and development of high-efficiency air filter materials.

Invested in laminating equipment and pleated machines in 2021 to accelerate the development of high-efficiency air filter materials and other laminating fabrics.

Invested activated carbon composite equipment and activated carbon composite fabric pleating machine to develop cabin air filters and chemical filters in 2023 and 2024.

(a) Lamination of High-efficiency air filter media and air filter.

(b) Lamination of medical CSR wrap.

(c) Activated carbon composite fabrics.

(d) Activated carbon Filter.

(2) Development of new 3D face masks

Invested fully automatic 3D face mask machines in 2021 to develop masks with higher added value.

(a) Anti-haze PM 2.5 Class A face mask.

(b) European standard FFP3 disposable Respirator.

(c) US standard N95 disposable Respirator.

- (3) Research and development of skin care centered hydrophilic non-woven fabrics.
- (4) Research and development of soft, silk soft and ultra-soft non-woven fabrics.
- (5) Research and development of 3D embossed ultra-soft non-woven fabrics.
- (6) Research and development of lamination of various composite materials.
- (7) Research and development of high value added new products.

1.2 Industry overview

1.2.1 Current status and development of the industry

According to "Nonwovens Market Magazine: Global Industry Trends, Share, Scale, Growth, Opportunities and Forecasts 2023-2028", the global nonwovens market will reach US\$42.6 billion in 2022. Looking forward, IMARC Group predicts that the market size will reach US\$61.2 billion by 2028, with a compound annual growth rate (CAGR) of 6.2% from 2022 to 2028.

Nonwovens find a wide range of applications in various industries such as personal care and hygiene, automotive, healthcare, construction and filtration.

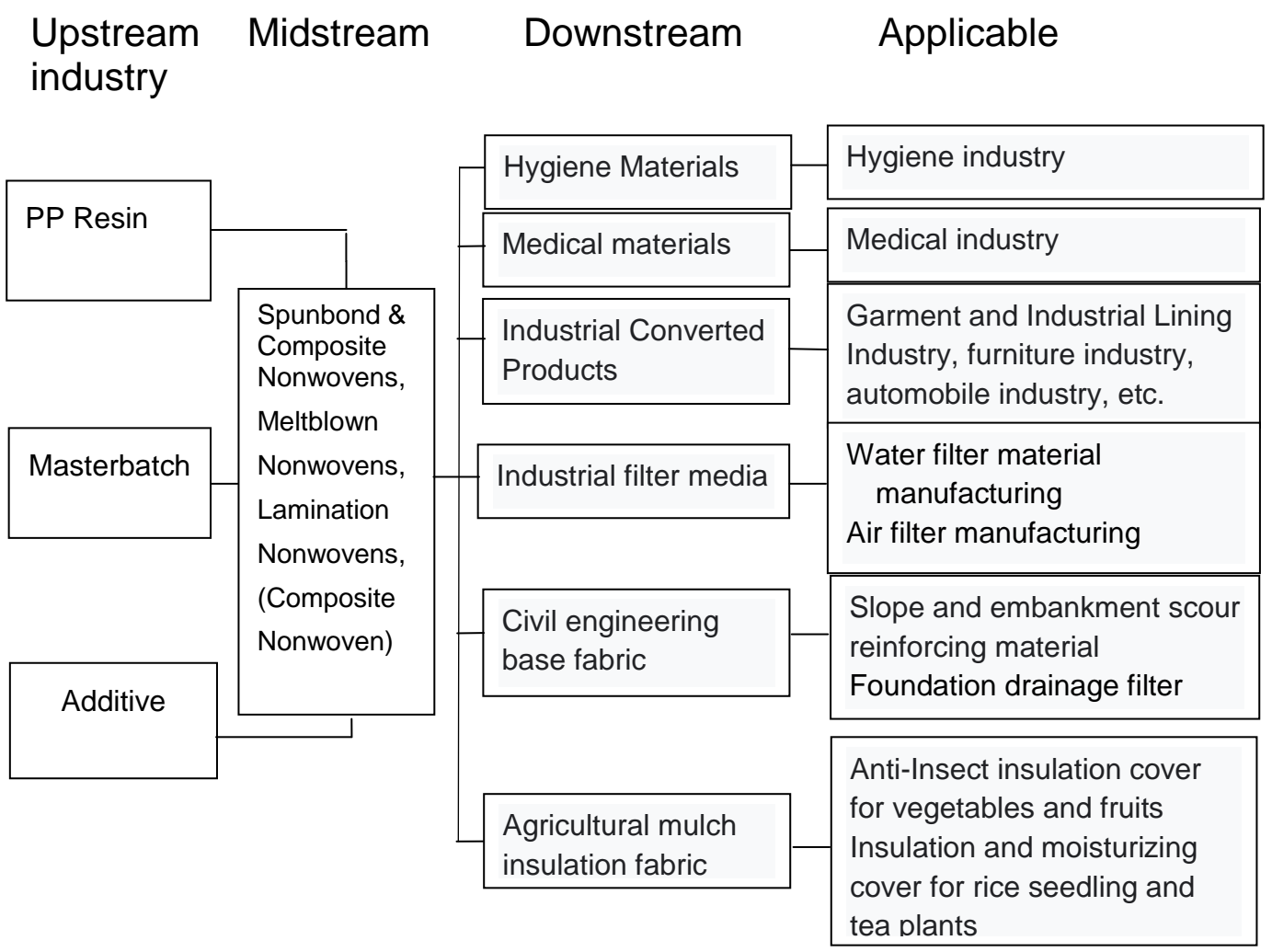
Nonwoven market trends: Nonwoven fabrics are widely used in the manufacture of medical necessities such as masks, isolation gowns, surgical drapes, disposable caps, and shoes and headgear. In line with this, widespread use of these fabrics in the production of lightweight automotive parts is also boosting the market growth. In addition, various product innovations, such as the development of smart non-woven fabrics and explosion-proof curtains, are other growth-inducing factors. Other factors, including technological advancements in manufacturing technology, and research and development (R&D) in eco-friendly fabric production, are expected to further drive the development of market.

According to the "Spunmelt Nonwovens Market Report", as the demand for nonwovens and its downstream products in the global market maintains an upward trend, the epidemic situation is repeated and may coexist for a long time. According to the analysis of industry experts, the valuation of the global nonwovens market in 2020 is expected to reach USD62 billion by 2026, with a compound annual growth rate of 8.4%. The production capacity of non-woven fabrics in China is also continuously increasing. It is estimated that by 2026, the market size will reach USD14.1 billion, with a compound annual growth rate of 10.9%, making it the world's largest producer and consumer of non-woven fabrics. However, the non-woven fabric industry is also facing challenges such as rising raw material prices, adjustment of production capacity structure, and severe international trade situation. Material innovation at the end of the industry chain, performance

improvement, environmental protection and sustainable development, industry reshuffle brought about by changes in the consumer market, production capacity digestion, category innovation, and product differentiation strategies will all be the focus of everyone's thinking.

1.2.2. The relationship between the upper, middle and lower reaches of the industry

Relational Diagram of Upstream, Midstream and Downstream Industry



1.2.3. Various Development Trend

A. Spunbond Nonwoven

Compared with other types of non-woven fabrics, Spunbond non-woven fabrics are high-efficiency products because the manufacturing process is non pollution and easy to combine with other manufacturing processes. It has a wide range of applications, ranging from hygiene products, medical supplies, shoe materials, and clothing bags and furniture industry, etc. It

also occupies a large proportion in the disposable protective clothing market.

In the production process of Spunbond nonwovens, special additives can also be added or treated to make the products have antistatic, hydrophilic, antibacterial, anti-ultraviolet and other functions. Through the continuous improvement of technology, Spunbond nonwoven fabrics are also developing towards more diversification, such as embossing and perforation.

B. Meltblown Nonwoven:

Melt-blown non-woven fabric is a kind of ultra-fine fiber, which has the characteristics of large surface area and small pore size, which makes Meltblown non-woven fabric outstanding in terms of filterability, covering, heat insulation, oil absorption and water repellency, and is widely used as a medical face Mask materials, thermal insulation materials, oil absorbent materials, air filter media and battery separation materials, etc.. Different raw materials can be changed to meet special market requirements. For example, TPU and PP elastomers can be used in sanitary and medical products. Though the market is not yet mature and still needs to be actively developed, the future development potential is still very considerable.

Especially in recent years, the deteriorating global environment has made Meltblown nonwovens an important strategic reserve material used to prevent pollution and diseases in many countries, and its market prospects are extremely broad. During the Covid-19 (new corona virus) and Anti-SARS period in 2020, Meltblown and SS nonwovens demonstrated excellent protection and isolation functions, and gained new recognition and favor from the market, which led to a round of capacity expansion. In recent years, with the continuous development of Meltblown technology, the application of Meltblown nonwovens has also been continuously expanded and extended to more fields.

C. SMMS and SMS Composite Nonwoven :

SMMS (Spunbond/Meltblown/Meltblown/Spunbond) and SMS (Spunbond / Meltblown /Spunbond) composite fabric are mainly used for hygiene materials, medical use, and industrial use. The demand for such non-woven fabrics has grown significantly. Multi-layer, lightweight development, large investment, fast production speed, and large production capacity are currently the mainstream products developed by major non-woven fabric manufacturers.

D. Lamination non-woven fabric (composite fabric):

Covering a wide range, it is a combination of non-woven fabrics and other materials, including SMS composite non-woven fabrics that are very promising in the market. SMS is a product that combines the advantages of Spunbond non-woven fabrics and Meltblown non-woven fabrics. Most of them are used for Leg cuff of diapers, medical supplies, surgical gowns,

industrial protective clothing and automobile covering cloth, etc.. Because composite fabrics are advanced technology, fast production speed, special functions and its cost has not increased compared with other non-woven fabrics such as carded cotton cloth at present, it has a good chance of replacing other non-woven fabrics or general woven.

1.2.4. Competition situation

Universal Inc. mainly produces PP Spunbond non-woven fabrics, PP Meltblown non-woven fabrics and composite fabrics. According to the data from the Taiwan Non-woven Fabrics Industry Association, there are only four Spunbond manufacturers in Taiwan including Freudenberg Fareast, Universal Inc., Win-win and Golden Phoenix before 2020 and four Meltblown manufacturers including Universal Inc., KNH, Mytrex and Trimeltech. Universal Inc. is the only one domestic manufacturer of composite fabrics.

Among them, the non-woven fabrics produced by Freudenberg Fareast Company use POLYESTER as the main raw material and there is no threat of market competition. Mytrex and Trimeltech are professional PP melt-blown non-woven fabric production companies. The current sales volume and route of their products do not affect the sales of the company. However, due to the impact of the Covid-19 epidemic in 2020, the demand for materials such as face masks, isolation gowns and protective clothing has increased significantly, resulting in a tight supply of PP Spunbond nonwovens and PP Meltblown nonwovens. Many manufacturers in the nonwovens industry in Taiwan have expanded their production lines. Foreign manufacturers have also put into production. As of December 2020, the number of manufacturers of PP Spunbond nonwovens has increased to four, and the number of manufacturers of PP Meltblown nonwovens has exploded to 11 with a total of about 60 Meltblown production lines. The number of face mask machines has increased from 100 to 2,000. Both non-woven and face mask equipment are facing the problem of overcapacity and the market competition is fierce.

The main competitors of Spunbond nonwovens in Fujian, China area including Xingtai, Guanhong, Guangzhou Yizhou and Wonderful, etc.

The major competitors of Universal Inc. of main products are as follows:

Business Items	Major Competitors	Major Competitors in China
Spunbond Nonwovens	Golden Phoenix 、 Win-Win	Xingtai 、 Guanhong 、 Guangzhou Yizhou 、 Wonderful
Meltblown Nonwovens	Mytrex 、 Trimeltech 、 KNH	—
SMMS 及 SMS Composite Nonwovens	Win-Win	TORAY 、 BERRY 、 AVGOL 、 Xingtai
Lamination Nonwovens	N/A	—

Source: Investigated by Universal Inc.

The company's competitive niche compared with other peers:

- A. The company is a professional manufacturer of non-woven fabrics, focusing on product research & development and market development and strives for market niches by developing new products, new customers and strengthening the management of quality, cost, delivery and after-sales service.
- B. The main production equipment and technologies (Know-how) such as SMMS composite fabrics, Meltblown non-woven fabrics and Spunbond non-woven fabrics purchased by the company in the early stage are from the world well known German company, REIFENHAUSER. The non-woven fabrics produced by it are excellent in terms of uniformity and physical properties. The company's technicians have gone to the original factory in Germany to receive training so production technology and product quality meet the market demand.

In addition, the newly installed SS Spunbond non-woven machine and SMS composite machine in recent years are purchased from well-known non-woven machine factories in China. The product quality also meets market demand and has the advantages of relatively low production costs. The products are competitive.

In 2019 and 2020, 4 sets of high-end filter equipment including Meltblown non-woven machines and HEPA equipment are purchased. In addition to the filter media used in the production of face masks, the company also purchased laminating machines in 2021 and actively develop high efficiency filter media for the usage of air purifier and other high value-added products.

- C. The company's main products are PP Spunbond non-woven fabrics, Meltblown non-woven fabrics, SMMS and SMS composite fabrics and composite non-woven fabrics. All of which are mainstream products in the non-woven fabric market at present and in the future. Among which composite non-woven fabrics are light, breathable, soft and strong tensile strength. Leading domestic industry players to successfully develop niche products.
- D. The company maintains close ties with advanced peers in the world, and often obtains sufficient market and technical information through professional consulting companies or individuals to maintain a competitive advantage.

1.3 Overview of Technology and R&D

- 1.3.1. Research and development expenses invested in the most recent year and up to the publication date of the annual report: about NT\$13,237,506.

1.3.2. Technologies or products successfully developed in the most recent year and as of the publication date of the annual report:

- (1) Research and development of flat medical face masks.
- (2) Obtained EU CE Type II flat medical mask certification.
- (3) Obtained FDA 510K Level 1 and Level 2 flat surgical mask certification.
- (4) Obtained 3D medical mask certification.
- (5) Obtained medical activated carbon mask certification.
- (6) Obtained Taiwan UN95 3D protective D2 medical mask certification.
- (7) Obtained Taiwan UN95 3D protective surgical respirator certification.
- (8) Obtained European standard FFP2 protective respirator certification.
- (9) Obtained Taiwan TN95 Surgical Respirator certification.
- (10) Obtained Taiwan TN95/FFP2 Surgical Respirator certification.
- (11) Research and development of anti-haze PM 2.5 Class B masks.
- (12) Research and development of high efficiency filter media.
- (13) The filtration effect of Meltblown nonwoven fabric is improved.
- (14) Research and development of skin care centered hydrophilic non-woven fabrics.
- (15) Research and development of soft, silk soft, ultra soft non-woven fabrics.
- (16) Research and development of SS ultra soft hydrophilic nonwoven fabric for the usage of diaper composite film.
- (17) Research and development of SMMS permanent hydrophilic nonwoven fabric for the usage of diaper.
- (18) Research and development of impact-resistant SMMS composite non-woven fabrics for medical use.
- (19) Development of SMS composite non-woven fabrics.
- (20) Research and development of coarse denier non-woven fabrics.
- (21) Research and development of Spunbond, Meltblown and composite elastic non-woven fabrics.
- (22) Research and development of antistatic non-woven fabrics by online spray treatment.
- (23) Research and development of composite material lamination.
- (24) Research on post-treatment process of SMS composite non-woven fabric.
- (25) Research on post-treatment process of SMMS composite non-woven fabric.
- (26) Improvement of SMMS Alcohol Repellency, anti-static, anti-blood treatment for medical use.

1.4 Long-term and short-term business development plans

1.4.1. Short-term business development plan:

- (1) Research and development of flat medical face masks.
- (2) Development of new 3D masks.
- (3) Research and development of high efficiency air filter media and air filters.
- (4) Develop non-woven converting materials, such as various composite material laminating fabric, advanced post treatment medical fabrics, etc., to increase the value added of products.
- (5) Improve product quality to meet customer needs, reduce costs, strengthen product marketing and expansion, make full use of machine capacity and increase revenue.

1.4.2. Long-term business development plan:

- (1) Development of 3D masks new products.
 - (a) European standard FFP3 disposable respirator.
 - (b) US standard N95 disposable respirator.
- (2) Strengthen product and technology research and development, and develop high value-added products.
- (3) Strategic alliance with international non-woven manufacturers to expand the international market and make the company an international company.
- (4) Develop other types of non-woven fabrics.

2. Market, Production and Sales Overview

2.1 Market Analysis

2.1.1. Sales area of main products

Unit: NT\$ thousand

Year \ Sales Area	2023		2022	
	Amount	%	Amount	%
Taiwan	331,444	82	453,994	82
Northeast Asia	59,609	14	60,895	11
USA	7,501	2	11,813	2
China	7,209	2	24,165	4
Southeast Asia	-	-	3,101	1
Net sales	405,763	100	553,968	100

2.1.2. Market share, future market supply, demand situation and growth:

(1) Market share

PP Spunbond non-woven fabrics, SMMS & SMS composite fabrics, and PP Meltblown non-woven fabrics are the main products of the company. Because the market sales value is not easy to obtain, market share is estimated and analyzed based on the ratio of the company's domestic factory production to the overall domestic non-woven fabric production; The mainland China has a vast territory and the current output of the Xiamen factory is not large, accounting for a small proportion of the total non-woven fabric production in the mainland China market, so the market share is not calculated.

	Domestic production of Universal Inc.	Total domestic production	share	Xiamen factory output
Non-woven	5.26	147	3.58%	0

Note1. The domestic output of Universal Inc. and the output of Xiamen factory refer to the output in 2023.

Note2. Source of data for total domestic production: 2023 Statistical Report of Taiwan Nonwoven Fabric Industry Association.

(2) The future supply, demand status and growth of the market

According to the "Spunmelt Polypropylene Nonwoven Production Capacity and Demand Outlook" published by the International Nonwoven Industry Business Magazine, it is pointed out that in the Asia-Pacific region, Fitesa/CNC commissioned an R5 production equipment in Thailand at the end of 2020, with an annual production capacity of approximately 30,000 Ton. Asahi (Thailand) commissioned a line with a capacity of 15,000 tons in the third quarter of 2021. Fibertex (Malaysia) commissioned an R5 line with a capacity of 15,000 tons in the first quarter of 2022. Asahi closed its Japanese factory damaged by a typhoon in 2020. The plant consists of 3 production lines with a total annual capacity of 26,000 tons. A Reicofil 3.1 line at this site was sold to Beautiful Nonwovens (China). Beautiful will reportedly recommission the line at its Uniquetex facility in the US. The new production line will also be commissioned by Cobes Industries in Myanmar and Hanil (Korea) in the third quarter of 2022. Demand in the region is growing, but more slowly than in previous periods. The region is not expected to release further capacity investments until after 2023. Production capacity is expected to reach 523.0 kilotons by the end of 2023.

In China, an estimated 129,000 tons of new PP SB/SMS capacity will be commissioned in 2022. This includes new capacity units at Jofo Wuxi, Berry and Allmed. China appears to be preparing to add more new capacity to supply the global market with medical nonwoven substrates used in surgical gowns and drapes. While China is expected to increase capacity between 2021 and 2026, annual demand growth for Spunbond

polypropylene nonwovens manufactured in China is expected to slow compared to the previous period, which may affect future capacity growth. Capacity is estimated to total 1,943.7 thousand tons by the end of 2023.

In 2022, more capacity is coming to market due to the installation of extremely advanced new production lines and in response to the surge in demand caused by the New Corona Virus. Around 159,000 tons of new capacity is estimated to come on stream in 2021, the majority of which is Reicofil 5 technology. This capacity was ordered before the outbreak of Covid-19, and full capacity utilization was quickly achieved. Approximately 192,000 tons of new capacity is estimated to come on stream in 2022, bringing capacity to approximately 5,308.8 thousand tons. Most of the capacity was ordered in late 2020, and some of that capacity, which was supposed to be commissioned in 2021, are delays in production due to supply chain disruptions, travel restrictions prevent technicians from installing it, and the amount of new equipment ordered awaits installation.

In 2023, the industry is expected to put into operation another 128,000 tons of new capacity. Overall, we judge that around 502,000 tons of Spunbond capacity will be commissioned between 2021 and 2025. This means that capacity will increase by more than 10% compared to 2020.

The Spunbond polypropylene nonwovens industry has made strides in developing new, high-yield, reliable manufacturing techniques, and in developing innovative products that are more appealing to end users. Despite the impact of these new capacity additions on market capacity utilization, producers across the globe continue to install state-of-the-art technologies to gain product and productivity advantages.

At the end of the third quarter of 2021, demand began to decline and fell sharply in the fourth quarter of 2021. Demand continues to decline moderately in 2022 compared to 2021, with demand and year-on-year growth normalizing and gradually returning in 2023. Amid this, low birth rates in almost all regions of the globe are expected to weigh on the demand for baby diapers. During this period, adult incontinence demand will grow between 5-6% annually.

Global demand (in tons) is expected to grow at an annual rate of approximately 5% from 2021 to 2026. The forecast outlook is sensitive to macroeconomic factors, disease shocks and global volatility. Demand growth is highest in South Asia (India) and Africa, followed by Asia Pacific and China. Demand growth will be more modest in North and South America, Europe and the Middle East.

Some parts of the world are expected to experience oversupply by 2024, as the full impact of new capacity will be fully felt in the market. What may offset this capacity increase is the shutdown of earlier technologies

that were brought back into service during the COVID-19 pandemic. Raw material costs will remain volatile and disproportionate across regions.

Against this backdrop, we believe investment in plant and equipment may slow once the next round of investment occurs in 2024 due to uncertainty and rising investment costs. This expectation may be affected by the retirement of earlier production lines. Manufacturers may upgrade existing capacity to enhance the capabilities of original equipment.

2.1.3. Competitive Niche:

- (1) The company is a professional manufacturer of non-woven fabrics, focusing on product research, development and market development, and through the development of new products and new customers and strengthening the management of quality, cost, delivery and after-sales service to strive for market niches .
- (2) The main production equipment and technologies (know-how) such as SMMS composite fabrics, Meltblown non-woven fabrics, and Spunbond non-woven fabrics purchased by the company in the early stage are from the world well known German Reifenhäuser company. The non-woven fabrics produced by it are excellent in terms of uniformity and physical properties. The company's technicians have been trained in factory in Germany so both production technology and product quality meet the market demand.

In addition, the newly installed SS Spunbond non-woven machine and SMS composite machine in recent years are purchased from well-known non-woven machine factories in China. The product quality also meets market demand and has the advantages of relatively low production costs. The products are competitive.

In 2019 and 2020, the company purchased a total of 4 sets of high-end filter material equipment (including Meltblown non-woven machines and HEPA equipment), which can be used to produce high-value-added products such as filter media for masks and high-efficiency filter media (HEPA) for air purifiers.

- (3) The main products of the company are PP Spunbond non-woven fabrics, PP Meltblown non-woven fabrics, and composite non-woven fabrics, which are the mainstream products in the current and future non-woven fabric market. Their fast production speed, light basis weight, good physical properties, and low prices will effectively reduce the cost of use. In addition to the current field of use, the scope of use is gradually increasing, and the market size is gradually expanding.

2.1.4. Favorable and unfavorable factors and countermeasures for development prospects

(1) Favorable factors:

- a. The company's main product, non-woven fabrics, is light, soft, breathable, and inexpensive. Its products are widely used and have gradually replaced many traditional cloth and other textiles, paper, and plastic products.
- b. With the improvement of people's living standards, non-woven fabrics will continue to develop new product uses, and at the same time, with the improvement of product quality, their market size will gradually expand.
- c. In terms of non-woven fabric products, the government used to include the development of multi-functional high-level non-woven fabrics (with Spunbond process, Meltblown process and thermal bonding process) in the advanced materials of "emerging and important strategic industries". Five-year tax exemption for capital increase and expansion shows the government's emphasis on the non-woven fabric industry. The company is also actively researching the development plan of multi-functional high-level products. The SMMS fine denier composite non-woven fabric expanded by the company is a multi-functional high-level non-woven fabric. This machine was acceptance on April 30, 2002. The production and sales of the product began in May 2002 to meet market demand. The SMMS composite fabric machine is currently the most advanced Spunbond or composite fabric machine in the world and it has special functions in terms of quality and physical properties. Its main use is sanitary materials and medical use. In the non-woven fabric market, the market scale of sanitary materials and medical care is very large, especially the market scale of sanitary materials is the largest among non-woven fabrics.
- d. The company's products maintain a certain share in the domestic market and are in a leading position.
- e. Pay attention to product research & development and market development, and can grasp the market pulse at any time to make flexible adjustments in response to market changes and increase the added value of products.
- f. Maintain a good long-term cooperative relationship with raw material suppliers, so the supply of goods is very stable, and there has never been a shortage of materials and shutdowns.
- g. Polypropylene plastic resin (P.P. resin) used in Spunbond and Meltblown non-woven fabrics are already available from domestic manufacturers, which can shorten the delivery time, reduce the backlog of raw material inventory, reduce purchase costs, and improve cost competitiveness. In addition, imported P.P. raw

- materials from ASEAN Singapore are exempt from import duties.
- h. The raw materials required for material processing and downstream processed products can use self-produced non-woven fabrics as raw materials for processing.
 - i. The company is currently actively strengthening the development and sales of high value-added products in order to increase the gross profit of product sales.
 - j. Maintain long-term and stable business relationship with customers.
 - k. The sources of customers are scattered and most of them are well-off domestic and foreign manufacturers, with relatively low operational risks.
 - l. Keep close contact with the world's advanced peers, and exchange views with professional technical experts to fully control market information.
 - m. Some products of the non-woven fabric industry are included in the ECFA Early Harvest List, and the tariffs for products sold to the mainland China market are reduced, which can enhance the competitiveness of products exported to the mainland China market.
 - n. Domestic imported raw material tariffs can be applied for tax refunds when products are exported to enhance export competitiveness.
 - o. Import duty is free if export of non-woven fabrics from the Xiamen factory in mainland China to the ASEAN market, which could enhance the export competitiveness of the mainland China factory.
- (2) Unfavorable factors:
- a. The non-woven fabric produced by our company is a technology-intensive and capital-intensive industry. Imported machinery and equipment are very expensive. Due to the large investment and high fixed costs, if we fail to grasp customers and markets, the investment risk is extremely high.
 - b. Taiwan's non-woven fabric market is not large enough so it is necessary to improve the competitiveness of the international market and increase the export of products.
 - c. Technological innovation and replacement are fast, and machines with low production speed are easy to be eliminated.
 - d. Due to the global expansion of polypropylene Spunbond non-woven fabrics ,SMMS and SMS composite non-woven fabrics, the market price tends to decline. Therefore, although the market price of non-woven fabrics will be adjusted with fluctuations in the price of petroleum and P.P. raw materials, passing on cost increases is somewhat difficult, and sometimes not fully passed on.
 - e. Due to the high awareness of domestic labor and the shortage of labor force, the production cost will be relatively increased.
 - f. The price of crude oil fluctuates sharply, causing the price of P.P. resin, the main raw material used, to fluctuate sharply, which

increases the production cost of non-woven fabrics and affects the quotation of orders.

- g. Due to the large-scale expansion of the industry, the market is oversupplied, and the products have price competition pressures, resulting in price competition pressures for Spunbon non-woven fabrics, SMMS and SMS composite fabrics, and Meltblown non-woven fabrics.
 - h. Hygienic products have low and peak seasons, which affect summer performance; and Sub-replacement fertility and the economic downturn will also affect the demand for non-woven fabrics and sales.
 - i. After joining the WTO, the domestic market will face competition from foreign goods.
 - j. Taiwan has not joined the ASEAN Free Trade Agreement. Expansion of the Southeast Asian market also has tariff issues, which affects competitiveness.
 - k. If the NT dollar is too strong, the appreciation will affect the competitiveness of exports. If the yen and the euro depreciate sharply, it will affect the exports of Japan and the euro zone market.
- (3) Countermeasures:
- a. Research and develop new products with niche and high added value to cope with fierce competition in the market.
 - b. To cover the funds needed for expansion by retaining appropriate surplus accumulated funds every year or raising funds from the capital market.
 - c. Improve the new automatic production equipment, mass production, reduce production costs, so as to improve the competitiveness in the international market.
 - d. Develop material processing and downstream processed products to vertically integrate upstream and downstream, so as to stabilize the sales of non-woven fabrics and avoid vicious competition among peers.
 - e. In order to cope with the shortage of labor, the company not only introduces foreign labor, but also actively improves the production process, strengthens automated production, and improves production efficiency to reduce manpower demand and personnel costs.
 - f. Establish a safe stock of raw materials, and strengthen the inventory management of raw materials, and pay attention to the price changes of main raw materials, so as to grasp a better purchase price and control production costs.
 - g. Maintain the interactive relationship with existing suppliers and seek new suppliers to ensure sufficient supply of raw materials and reduce raw material costs.
 - h. In addition to strictly controlling costs, the company is also committed to improving research & development capabilities, developing

diversified and high value-added products to enhance overall profit margins and competitiveness.

- i. Actively cooperate with advanced international peers to enhance competitiveness and development level.

2.2 Important uses and production processes of main products

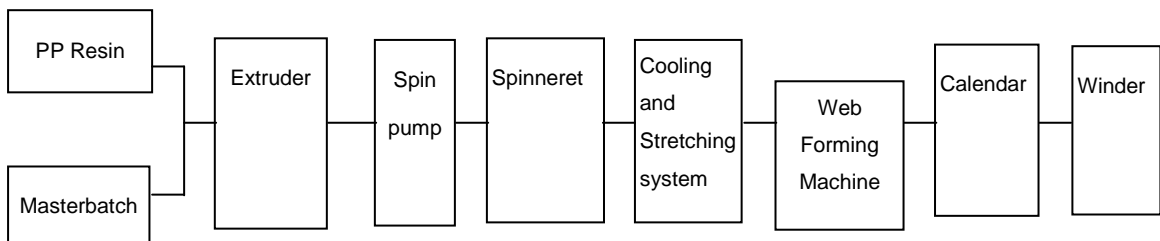
2.2.1. Important uses of main products:

The non-woven fabrics produced by our company are currently mainly sold in domestic and foreign markets. The main uses are as follows:

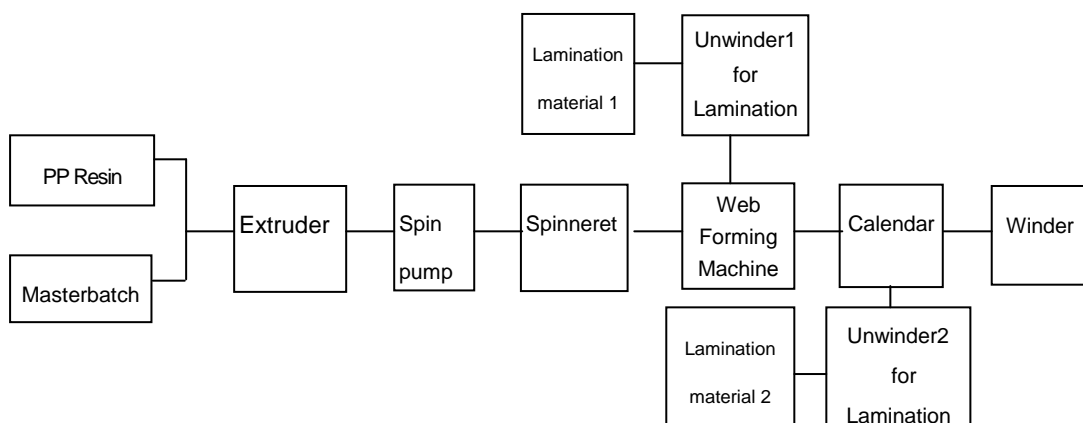
- (1) Hygiene use: diapers, training pants, sanitary napkins, paper pants.
- (2) Medical use: masks, medical caps, shoe covers, surgical gowns, isolation gowns, surgical drapes, bed sheets, pillowcases.
- (3) Inner linings: leather bags, suitcases, clothing linings, furniture linings, synthetic leather base fabrics, disk linings.
- (4) Covering cloth: car cover, tent, tablecloth, furniture covering cloth, bath curtain, sofa pillow cover.
- (5) Bag wrapping cloth, shopping bag, quilt bag, gift wrapping cloth.
- (6) Protective clothing, coverall, filter media, carpet substrates and wiping cloths.
- (7) Oil-absorbing materials, automotive interior materials, artificial flowers, and heat insulation materials.
- (8) Wall decoration, cable covering material, thermal bonding material, civil engineering cloth, agricultural covering cloth.

2.2.2. Production process of main products:

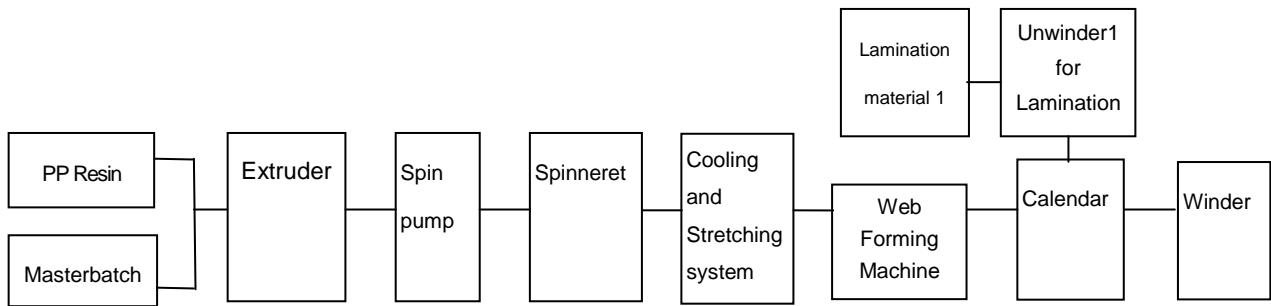
(1) Production process of Spunbond nonwoven fabric:



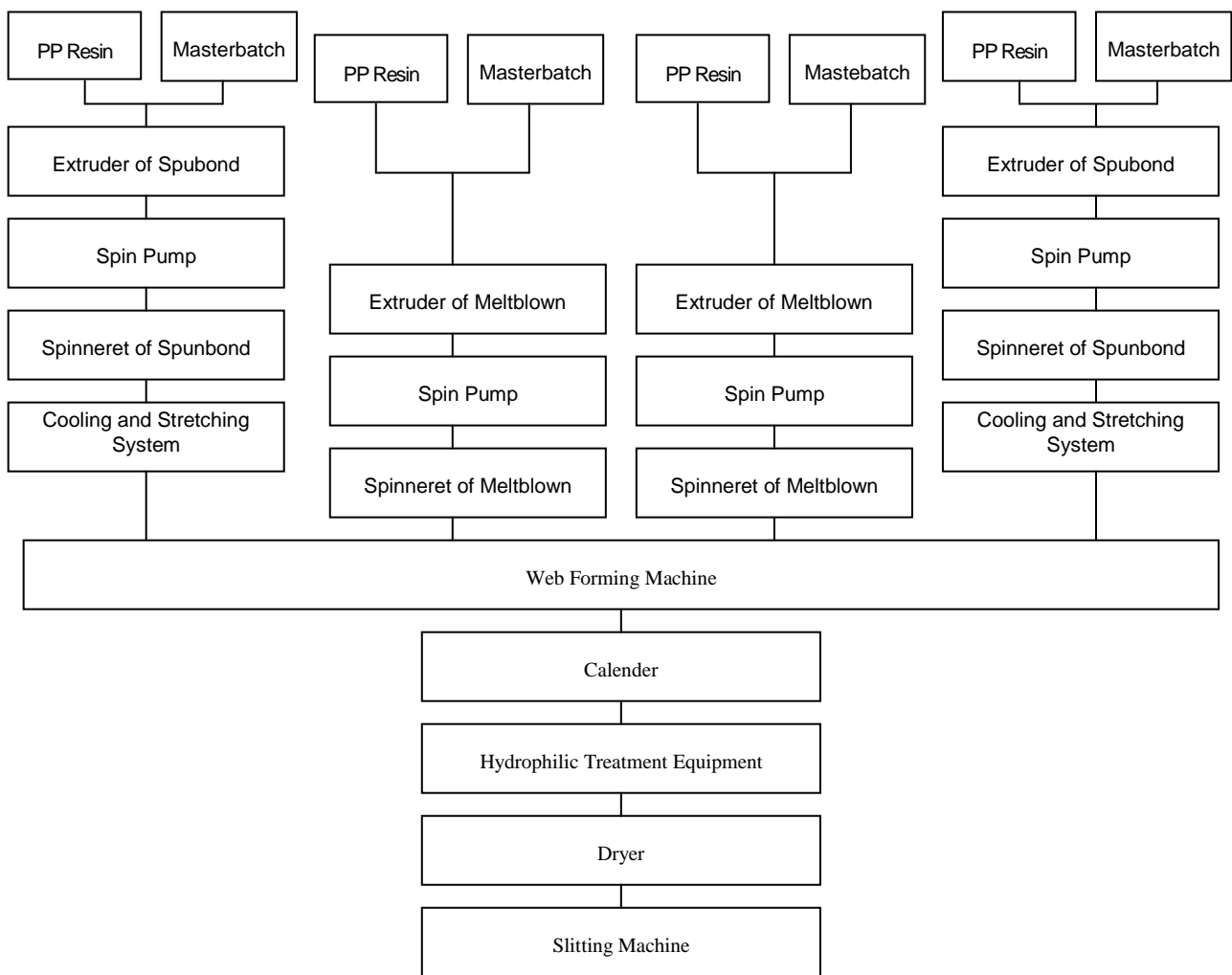
(2) Melt-blown and laminated non-woven fabric production process:



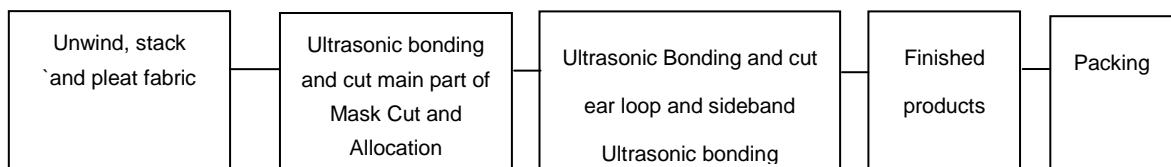
(3) Spunbond and other material lamination & production process:



(4) Production process of composite non-woven fabric: SMMS, SMS, SS:



(5) Production process of medical and surgical masks:



2.3 Supply status of main raw materials

The main raw material of our Spunbond (S), Meltblown (M) and SMMS, SMS composite non-wovens is polypropylene (P.P.) resin, master batch and additives. The sources of supply are normal.

2.3.1. Fiber grade P.P. plastic resin:

- (1) P.P. resins used in Spunbond nonwovens: At present, there are three domestic companies producing P.P. resin including, Formosa Plastics, Formosa Chemicals, and Li Changrong Chemical. In addition to purchasing from Formosa Plastics and Li Changrong Chemical Company, the company also imported from abroad, the sources of supply are mainly P.P. manufacturers in advanced countries such as Singapore, the United States, and South Korea, such as ExxonMobil, Basell. Suppliers in mainland China include Zhejiang Mingri Holdings and other companies.
- (2) P.P. resins used in Meltblown nonwovens: the domestic supplier is Formosa Plastics, and the main foreign suppliers are Basell, ExxonMobil, etc.

At present, the supply of petrochemical raw materials in the world is sufficient, but due to fluctuations in oil prices, the prices of petrochemical raw materials and P.P. resins also fluctuate sharply. Because the price of P.P. resins fluctuates violently, it is very important for management to grasp the price trend and purchase timing. The company's control is still good and the company maintains a good relationship with all suppliers. The supply is very stable and the source of supply is normal.

2.3.2. Color masterbatch and additives

- (1) The main suppliers of color masterbatch are Avient Taiwan, Hanching, Wewill, Tah Kong and other companies.
- (2) Additives include anti-UV, electrostatic enhancement additives, hydrophilic agents, softeners, etc. Among them, the anti-UV additives are supplied by Jung Mei Plastics. Hydrophilic agent is supplied by S+S and Foshan City Bloom and other companies. softener are supplied by Foshan City Bloom Company.

2.4 The list of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years

Information on major suppliers in the last two years

Unit: NT\$ thousand

Item	2023				2022				Year 2024 as of the previous quarter			
	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer
1	Formosa Plastics	82,164	42	Supplier	Formosa Plastics	53,891	20	Supplier	Formosa Plastics	3,726	6	Supplier
2	LCY Chemical Corp.	47,855	25	Supplier	LCY Chemical Corp.	52,369	20	Supplier	LCY Chemical Corp.	-	-	Supplier
3	Exxon	25,496	13	Supplier	Exxon	49,856	19	Supplier	Exxon	42,432	75	Supplier
4	Zhejiang Mingri	9,801	5	Supplier	Zhejiang Mingri	59,551	22	Supplier	Zhejiang Mingri	-	-	Supplier
	Others	28,225	15	Supplier	Others	52,462	19	Supplier	Others	10,691	19	Supplier
	Net Purchase	193,541	100		Net Purchase	268,129	100		Net Purchase	56,849	100	

Note 1: List the name of the supplier whose total purchase amount exceeds 10% in the last two years, as well as the purchase amount and proportion, but if the name of the supplier cannot be disclosed due to the contract or the transaction object is an individual and not a related party, it can be coded.

Note2: Explanation of reasons for increase or decrease: adjust the supplier's supply volume according to the quality of the manufacturer's raw materials, price fluctuations and inventory

Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2023				2022				Year 2024 as of the previous quarter			
	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Company Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer
1	210594	101,548	25	Customer	210594	120,484	22	Customer	210594	30,807	32	Customer
2	210669	69,648	17	Customer	210669	106,251	19	Customer	210669	15,713	16	Customer
	Others	234,567	58	Customer	Others	327,233	59	Customer	Others	49,857	52	Customer
	Net Purchase	405,763	100		Net Purchase	553,968	100		Net Purchase	96,377	100	

Note 1: List the name of the customer whose total sales amount exceeds 10% in the last two years, as well as the sales amount and proportion, but if the name of the customer cannot be disclosed due to the contract or the transaction partner is an individual and not a related party, it can be coded.

Note 2: Explanation of reasons for increase or decrease: non-woven fabric customers placed orders according to demand, so there was an increase or decrease. There were no fluctuations in major customers.

2.5 Production value in the last two years

Unit: Fabric - tons, NT\$ thousand
Others : thousand pcs, NT\$ thousand

Production Quantity & Value	Year	2023			2022		
		production capacity	production quantity	output value	production capacity	production quantity	output value
Main Products							
Spubond and composite nonwovens		31,812	5,208.4	266,008	31,812	6,731.6	374,314
Meltblown nonwovens (Note 3)		2,040	56.0	5,547	2,040	98.5	10,743
Sub-total		33,852	5,264.4	271,555	33,852	6,830.1	385,057
material processing (Note 4)		—	10.6	1,213	—	30.4	4,605
Total		—	—	272,768	—	—	389,662

Note 1: Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment after weighing necessary shutdowns, holidays and other factors.

Note 2: If the production of each product is substitutable, the production capacity may be calculated together, and an explanation shall be attached.

Note 3: The production capacity of Meltblown non-woven fabrics includes the newly installed high-end filter media - Meltblown non-woven fabric equipment.

Note 4: Material processing includes laminated fabrics, post-treatment fabrics, high-efficiency filter media and laminated filter media, etc.

2.6 Sales volume in the last two years

Unit: tons, NT\$ thousand

Sales Quantity & Value	Year	2023				2022			
		Domestic		Export		Domestic		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main Products									
Spubond and composite nonwovens		4,547.4	279,121	724.5	59,610	5,997.3	379,039	850.1	63,960
Meltblown nonwovens		2.3	282	32.7	7,501	25.5	2,921	39.3	11,813
material processing (Note 2)		9.3	1,819	—	—	22.0	5,488	0.2	36
Nonwovens Sub-total		4,559.0	281,222	757.2	67,111	6,044.8	387,448	889.6	75,809
Converted Goods (Note 3)		—	44,455	—	—	—	85,506	—	—
Others		—	12,975	—	—	—	5,205	—	—
Total			338,652		67,111		478,159		75,809

Note 1: Analysis is based on net sales value.

Note 2: Material processing includes laminated fabric, post-treatment fabric, high-efficiency filter media and laminated filter media, etc.

Note 3: Converted goods means face masks.

3. Employees

Employee data for the last two years
as of the publication date of the annual report

April 30, 2024

Year		2023	2022	Year ended April 30, 2024
Number of employees	Technician	12	16	12
	Clerk	63	64	62
	Labor	70	95	71
	Total	145	175	145
Average age		43.5	42.5	43.6
Average years of service		11.1	9.5	10.9
Educational Distribution Ratio	Ph. D.	-	-	-
	masters	4%	3%	4%
	Bachelor's Degree	44%	38%	43%
	Senior High School	42%	42%	43%
	below Senior high School	10%	17%	10%

Note: The company's non-woven fabrics are produced by automated machine therefore the number of people required is very small. The decrease in the number of employees at 2023 is mainly due to the decrease in demand for masks and reduced number of machine operators.

4.Environmental protection expenditure information

4.1 The total amount of losses (including compensation) and disposals due to environmental pollution in the most recent year and up to the date of publication of the annual report: None.

4.2 Future countermeasures (including improvement measures) and possible expenditures: When the company plans to invest in the development of new products, it chooses non-polluting products as the object of investment. In other words, the P.P. Spunbond, Meltblown non-woven fabrics and composite non-woven fabrics do not cause environmental pollution because the raw material polypropylene (P.P.) resin used are non-toxic.

4.3 In recent years, fixed pollution source discharge facilities that comply with ISO 14001 and environmental protection regulations have been installed on machines and air pollution prevention and control fees have been paid in accordance with the Air Pollution Prevention and Control Law to meet government environmental protection regulations. There is no need to pay air pollution prevention fee in 2023.

5. Labor relations

5.1 The company's various employee welfare measures, continuing education, training, retirement systems, the status of their implementation, and status of labor

agreements and various employee rights and interests protection measures:

5.1.1. Employee welfare measures and their implementation:

- (1) Employee Welfare Committee: Allocate employee welfare funds according to laws and regulations, and establish an employee welfare committee. Employees can enjoy various benefits. Welfare items include wedding gifts, maternity subsidies, funeral allowance, etc., related application methods and amounts and other recreational activities will be determined by the Welfare Committee.
- (2) Year-end bonus: a fixed rate amount is withdrawn on a monthly basis and will be paid in the next year.
- (3) Employee remuneration: After the annual settlement, the amount of employee remuneration distribution shall be reported in accordance with the company's articles of association, distributed to employees after approval by the board of directors, and reported to the shareholders' meeting.
- (4) Festival bonuses: fixed bonuses will be issued during the Dragon Boat Festival and Mid-Autumn Festival.
- (5) Insurance: Handle labor insurance and national health insurance in accordance with the law, and pay for employees' maternity, injury, old age, and death in accordance with the labor insurance regulations and national health insurance regulations promulgated by the government.

5.1.2. Staff continuing education, training and its implementation:

Employees of the company and factories are given internal training or sent to external training according to their work needs.

5.1.3. Retirement system and its implementation

(1) Pension under the old system:

The company has established retirement measures for formally employed employees in accordance with the provisions of the Labor Standards Law. According to the regulations, the payment of pensions is calculated based on the number of years of service and the average regular salary of the six months before retirement. The company allocates retirement funds every month according to the regulations, which is managed by the Labor Retirement Reserve Fund Supervision Committee and deposited in the Bank of Taiwan in the name of the committee.

Since July 1, 2004, employees who choose to apply the pension system of the newly promulgated Labor Pension Act still retain their seniority under the old system, and the payable pension payment is calculated when applying for retirement.

Before the end of each year, if the balance in the estimated special account is insufficient to pay workers who are expected to meet the retirement conditions in the next year, the difference will be allocated to the special account before the end of March of the next year.

One employee retired in 2023.

(2) New system of pensions: From July 1, 2004, employees who choose to apply the pension system of the Labor Pension Act will transfer 6% of their monthly salary to the personal pension account of the Labor Insurance Bureau.

5.1.4. Important agreements between labor and capital: None.

5.1.5. Measures for safeguarding employees' rights and interests: the company shall safeguard the rights and interests of employees in accordance with the provisions of the Labor Standards Law.

5.1.6. The company has formulated a code of ethics for employees to regulate the behavior of all colleagues. For related content, please refer to the company's website www.uk.com.tw → Investor/Stakeholder Zone → Corporate Governance → Company Regulations → Ethical Code of Conduct.

5.2 Losses suffered due to labor disputes in the most recent year and up to the date of publication of the annual report:

5.2.1. Labor dispute status: None.

5.2.2. Amount of losses incurred: None.

5.2.3. Estimated possible future loss amount: None.

5.2.4. The company's countermeasures: Not applicable.

6. Information security management

6.1 A description of the IT security risk management framework, IT security policies, specific management plans, and resources invested in IT security management, etc.

Set up an information security supervisor to be responsible for the planning, monitoring and implementation of information security maintenance of the company's information security system.

In terms of information security risk control, the company has built a complete set of computer and network security management systems, and formulated information security regulations, conducts information security risk assessments every year, and regularly conducts internal and external information cycle audits to ensure effective information security.

6.2 List the losses and possible impacts of major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained.

So far, no information security incidents have occurred.

7. Important contracts: none.

VI · Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet and Consolidated Income Statement

Condensed Balance Sheet

Unit: NT\$ thousand

Item	Year	Financial Summary for the last five years (Note 1)					Financial Summary ended March 31, 2024 (Note2)
		2023	2022	2021	2020	2019	
Current assets		1,748,762	1,746,399	1,903,915	3,286,330	887,376	1,777,794
Financial assets at fair value through other comprehensive income -non-current		82,637	65,179	87,390	126,815	51,998	72,898
Financial assets easured at cost -non-current		—	11,023	—	—	—	—
Property, plant and equipment		1,129,354	1,168,563	1,213,631	1,207,304	922,087	1,121,996
Right-of use assets (Note 2)		6,622	7,078	7,084	7,460	7,678	6,794
Other assets (Note 2)		4,590	7,106	5,362	7,172	5,312	3,011
Total assets		2,971,965	3,005,348	3,217,382	4,635,081	1,874,451	2,982,493
Current liabilities	Before distribution	56,995	68,530	105,648	729,410	47,176	45,131
	After distribution	—	111,171	276,210	1,752,784	72,760	—
Non-current liabilities		55,159	57,810	63,088	75,789	63,558	57,189
Total liabilities	Before distribution	112,154	126,340	168,736	805,199	110,734	102,320
	After distribution	—	168,981	339,298	1,828,573	136,318	—
Owners equity	Before distribution	2,767,560	2,780,188	2,948,349	3,728,131	1,703,411	2,785,298
	After distribution	—	2,737,547	2,777,787	2,704,757	1,677,827	—
Share capital		852,812	852,812	852,812	852,812	852,812	852,812
Capital surplus		3,454	3,333	3,261	3,167	3,101	3,563
Retained earnings	Before distribution	1,904,548	1,929,434	2,083,590	2,828,586	879,191	1,916,674
	After distribution	—	1,886,793	1,913,028	1,805,212	853,607	—
Other equity		6,746	(5,391)	8,686	43,566	(31,693)	12,249
Non-controlling interests		92,251	98,820	100,297	101,751	60,306	94,875
Total Equity	Before distribution	2,859,811	2,879,008	3,048,646	3,829,882	1,763,717	2,880,173
	After distribution	—	2,836,367	2,878,084	2,806,508	1,738,133	—

* If the company prepares individual financial reports, it shall also prepare a condensed balance sheet and comprehensive income statement for the last five years.

Note 1: The most recent annual financial statements are checked and certified by accountants.

Note 2: The financial information of 2024/1/1-3/31 has been reviewed by accountants.

Note 3: The 2023 annual profit distribution was resolved by the board of directors to distribute cash dividends of NT\$ 0.6per share to shareholders.

Condensed Consolidated Income Statement

Unit: NT\$ thousand

Item \ Year	Financial Summary for the last five years (Note 1)					For the Year ended March 31, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Net sales	405,763	553,968	1,191,043	4,056,858	772,775	96,377
Gross (loss) profit	(375)	43,674	439,793	2,706,065	83,679	366
(Loss) profit from operating	(48,460)	(5,022)	370,105	2,524,727	33,574	(11,201)
Total non-operating income and expenses	69,226	25,533	19,415	6,686	10,393	27,767
Profit before income tax	20,766	20,511	389,520	2,531,413	43,967	16,566
Profit from continuing operations	12,739	13,526	277,492	2,014,576	34,691	12,282
Loss of closed units	—	—	—	—	—	—
Net profit	12,739	13,526	277,492	2,014,576	34,691	12,282
Other comprehensive Income (loss), net of income tax	10,584	(12,500)	(35,448)	77,107	(10,115)	7,971
Total comprehensive Income	23,323	1,026	242,044	2,091,683	24,576	20,253
Net profit attributable to Owner of the Company	17,755	16,580	278,378	1,974,979	36,247	13,359
Net profit attributable to non-controlling interests	(5,016)	(3,054)	(886)	39,597	(1,556)	(1,077)
Total comprehensive income attributable to owner of the Company	29,892	2,503	243,498	2,050,238	28,606	17,629
Total comprehensive income attributable to non-controlling interests	(6,569)	(1,477)	(1,454)	41,445	(4,030)	2,624
Earnings per share	0.21	0.19	3.26	23.16	0.43	0.16

* If the company prepares individual financial reports, it shall also prepare a condensed balance sheet and comprehensive income statement for the last five years.

Note 1: The most recent annual financial statements are checked and certified by accountants.

Note 2: The financial information of 2024/1/1-4/31 has been reviewed by accountants.

1.2 Individual Balance Sheet and Consolidated Income Statement
Individual Condensed Balance Sheet

Unit: NT\$ thousand

Year		Financial Summary for the last five years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		1,440,619	1,429,100	1,573,457	2,937,034	769,932
Financial assets at fair value through other comprehensive income-non-current		82,637	65,179	87,390	126,815	51,998
Investments accounted using the equity method		347,249	371,976	377,534	383,008	228,594
Property, plant and equipment		1,002,286	1,031,023	1,070,340	1,055,387	755,602
Right-of-use assets (Note 2)		175	220	35	74	113
Other assets (Note 2)		4,567	7,082	5,339	7,149	5,289
Total assets		2,877,533	2,904,580	3,114,095	4,509,467	1,811,528
Current liabilities	Before distribution	54,814	66,582	102,658	705,547	44,559
	After distribution	—	109,223	273,220	1,728,921	70,143
Non-current liabilities		55,159	57,810	63,088	75,789	63,558
Total liabilities	Before distribution	109,973	124,392	165,746	781,336	108,117
	After distribution	—	167,033	336,308	1,804,710	133,701
Share capital		852,812	852,812	852,812	852,812	852,812
Capital surplus		3,454	3,333	3,261	3,167	3,101
Retained earnings	Before distribution	1,904,548	1,929,434	2,083,590	2,828,586	879,191
	After distribution	—	1,886,793	1,913,028	1,805,212	853,607
Other equity		6,746	(5,391)	8,686	43,566	(31,693)
Total Equity	Before distribution	2,767,560	2,780,188	2,948,349	3,728,131	1,703,411
	After distribution	—	2,737,547	2,777,787	2,704,757	1,677,827

Note 1: The most recent annual financial statements are checked and certified by accountants.

Note 2: The 2023 annual profit distribution was resolved by the board of directors to distribute cash dividends of NT\$ 0.6 per share to shareholders.

Individual Condensed Consolidated Income Statement

Unit: NT\$ thousand

Item \ Year	Financial Summary for the last five years (Note 1)				
	2023	2022	2021	2020	2019
Net sales	398,554	526,702	1,048,841	3,493,155	583,964
Gross profit	20,819	61,834	441,090	2,448,008	80,148
(Loss) profit from operating	(19,045)	22,352	381,620	2,284,813	41,951
Non-operating income and expenses	44,827	1,213	8,448	153,164	3,572
Profit before income tax	25,782	23,565	390,068	2,437,977	45,523
Net profit from continuing operations	17,755	16,580	278,378	1,974,979	36,247
Loss of closed units	—	—	—	—	—
Net profit	17,755	16,580	278,378	1,974,979	36,247
Other comprehensive Income (loss) , net of income tax	12,137	(14,077)	(34,880)	75,259	(7,641)
Total comprehensive Income	29,892	2,503	243,498	2,050,238	28,606
Earnings per share	0.21	0.19	3.26	23.16	0.43

Note 1: The most recent annual financial statements are checked and certified by accountants.

1.3 Names of visa accountants and their audit opinions in the past five years:

1.3.1 Names of visa accountants and their audit opinions

Year	Names of visa accountants	Audit Opinion	Remark
2023	Chu, Szu-Lan 、 Chang, Chun-Yi	No Reserved Opinion	None
2022	Hsueh, Chun-Ming 、 Chang, Chun-Yi	No Reserved Opinion	
2021	Hsueh, Chun-Ming 、 Chang, Chun-Yi	No Reserved Opinion	
2020	Chou, Yi –Lung 、 Chang, Chun-Yi	No Reserved Opinion	
2019	Chou, Yi-Lung 、 Chang, Chun-Yi	No Reserved Opinion	

2. Five-Year Financial Analysis

2.1 Financial Analysis

Financial Analysis

Year (Note 1) Analysis Item (Note 3)		Financial analysis for the last five years					For Year ended March 31, 2024 (Note 2)
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt Ratio	3.77	4.20	5.24	17.37	5.91	3.43
	Ratio of long-term capital to property, plant and equipment	258.11	251.32	256.40	323.50	198.17	261.80
Solvency (%)	Current ratio	3,068.27	2,548.37	1,802.13	450.55	1,880.99	3,939.19
	Quick ratio	2,910.13	2,364.16	1,638.65	422.78	1,577.20	3,732.57
	Interest coverage ratio	74,264.29	146,607.14	2,996,407.69	7,232,708.57	162,940.74	276,200.00
Operating performance	Accounts receivable turnover (times)	6.17	6.72	5.51	18.07	5.93	6.24
	Average collection period	59.15	54.31	66.24	20.19	61.55	58.49
	Inventory turnover (times)	3.81	3.46	4.13	8.32	4.97	4.27
	Accounts payable turnover (times)	56.82	143.32	42.90	78.19	43.98	37.59
	Average days in sales	95.80	105.49	88.37	43.87	73.44	85.48
	Property, plant and equipment turnover (times)	0.35	0.47	0.98	3.81	0.89	0.34
	Total assets turnover (times)	0.14	0.18	0.30	1.25	0.41	0.13
Profitability	Return on total assets (%)	0.43	0.44	7.07	61.90	1.83	0.41
	Return on stockholders' equity (%)	0.44	0.46	8.07	72.03	1.95	0.43
	Pre-tax income to paid-in capital (%)	2.44	2.41	45.67	296.83	5.16	1.94
	Profit ratio (%)	3.14	2.44	23.30	49.66	4.49	12.74
	Earnings per share (NT\$)	0.21	0.19	3.26	23.16	0.43	0.16
Cash flow	Cash flow ratio (%)	218.71	113.71	(4,66)	332.40	213.77	—
	Cash flow adequacy ratio (%)	138.79	133.75	143.08	318.64	128.09	—
	Cash reinvestment ratio (%)	1.76	(1.99)	(21.44)	43.15	1.69	—
Leverage	Operating leverage	(3.09)	(39.88)	1.81	1.19	7.14	—
	Financial leverage	1.00	1.00	1.00	1.00	1.00	—

Please explain the reasons for the changes in the financial ratios in the last two years. (If the change of increase or decrease does not reach 20%, the analysis can be exempted).

1. Current ratio: The change increased by 20.4%. The main reason is that the current assets in 2023 increased by NT\$2,363 thousand, an increase of 0.14%, and the current liabilities decreased by NT\$11,535 thousand, a decrease of 16.83%.

2. Quick ratio: The change increased by 23.09%, mainly due to the increased of NT\$38,468 thousand in 2023 (current assets-inventory-prepaid expenses) compared with 2022, an increase of 2.37%, and the decrease of NT\$11,535 thousand in current liabilities, a decrease of 16.83%.
3. Interest coverage ratio: the change decreased by 49.34%, mainly due to the increased of NT\$269 thousand in 2023 (interest expenses plus net profit before tax) compared with 2022, an increase of 1.31%, and the increased of NT\$14 thousand in interest expenses, an increase of 100%
4. Accounts payable turnover: The change decreased by 60.35%. The main reason is that the sales cost decreased NT\$104,156 thousand in 2023 compared with 2022, a decrease of 20.14% and the average accounts payable increased NT\$3,587 thousand, an increase of 100.74%.
5. Property, plant and equipment turnover (times): The change decreased by 25.53%. The main reason is that the net sales decreased NT\$148,205 thousand in 2023 compared with 2022, a decrease of 26.75% and the average net sales of property, plant and equipment decreased NT\$42,139 thousand, a decrease of 3.54%.
6. Total assets turnover (times) : The change decreased by 22.22%. The main reason is that the net sales decreased NT\$148,205 thousand in 2023 compared with 2022, a decrease of 26.75% and the average total assets decreased NT\$122,709 thousand, a decrease of 3.94%.
7. Profit ratio : The change increased by 28.69%. The main reason is that the after-tax profit decreased NT\$787 thousand in 2023 compared with 2022, a decrease of 5.82%. The net sales decreased NT\$148,205 thousand, a decrease of 26.75%
8. Cash flow ratio : The change increased by 92.34%. The main reason is that the net cash flow from operating activities increased NT\$46,727 thousand in 2023 compared with 2022, an increase of 59.96%, and the current liabilities decreased by NT\$11,535 thousand, a decrease of 16.83%.
9. Cash reinvestment ratio: The change increased by 188.44%. The main reason is that (net cash flow from operating activities - cash dividends) increased NT\$174,648 thousand in 2023 compared with 2022, an increase of 188.53%. Gross real estate, plant and equipment + long-term investment + other non-current assets + working capital decreased NT\$4,383 thousand in 2023 compared with 2022, a decrease of 0.09%.
10. Operating leverage : The change increased by 92.25%. The main reason is that (net operating income - variable operating costs and expenses) decreased NT\$50,753 thousand in 2023 compared with 2022, a decrease of 25.34%, the operating loss increased NT\$43,438 thousand in 2023 compared with 2022, an increase of 864.95%.

* If the company prepares individual financial reports, it should also prepare the company's individual financial ratio analysis.

Note 1: The financial statements of 2019-2023 have been checked and certified by accountants.

Note 2: For the financial analysis data of the first quarter of 2024/1-3/31, in order to compare the rationality, the amount of the relevant profit and loss items is multiplied by 4 before calculation.

Note 3: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial structure

(1) Ratio of liabilities to assets = total liabilities / total assets.

(2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest coverage ratio = net profit before income tax and interest expenses / interest expenses for the current period.

3. Operating ability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from business operations) = net sales/average accounts receivable of each period (including accounts receivable and notes receivable arising from operations).

- (2) Average cash collection days = $365/\text{receivable turnover rate}$.
 - (3) Inventory turnover = $\text{cost of goods sold} / \text{average inventory}$.
 - (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from business operations) = $\text{cost of goods sold}/\text{balance of average payables}$ (including accounts payable and notes payable arising from operations) in each period.
 - (5) Average days of sales = $365/\text{inventory turnover}$.
 - (6) Turnover rate of real estate, plant and equipment = $\text{net sales}/\text{average real estate, plant and equipment}$.
 - (7) Total asset turnover = $\text{net sales}/\text{average total assets}$.
4. Profitability
- (1) Return on assets = $[\text{after-tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})] / \text{total average assets}$.
 - (2) Return on equity = $\text{after-tax profit and loss}/\text{average total equity}$.
 - (3) Profit rate = $\text{profit and loss after tax} / \text{net sales}$.
 - (4) Earnings per share = $(\text{Profit or loss attributable to owners of the parent company} - \text{special stock dividends}) / \text{weighted average number of issued shares}$. (Note 4)
5. Cash flow
- (1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$.
 - (2) Allowable ratio of net cash flow = $\text{net cash flow from operating activities in the last five years} / (\text{capital expenditure} + \text{increase in inventory} + \text{cash dividends})$ in the last five years.
 - (3) Cash reinvestment ratio = $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{gross real estate, plant and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$. (Note 5)
6. Leverage
- (1) Operating leverage = $(\text{net operating income} - \text{variable operating costs and expenses}) / \text{operating profit}$ (Note 6).
 - (2) Financial leverage = $\text{operating profit} / (\text{operating profit} - \text{interest expense})$.

Note 4: For the formula for calculating earnings per share above, special attention should be paid to the following items when measuring:

- 1. Based on the weighted average number of common shares, not the number of shares outstanding at the end of the year.
- 2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.
- 3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
- 4. If the preference shares are non-convertible accumulated preference shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be added. If the special stock is non-cumulative, if there is a net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash flow analysis should pay special attention to the following items when measuring:

- 1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
- 2. Capital expenditure refers to the annual cash outflow of capital investment.
- 3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at

the end of the year, it will be calculated as zero.

4. Cash dividends include cash dividends of ordinary shares and preferred shares.

5. Gross property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: If the company's stock has no par value or the par value of each share is not NT\$10, the calculation of the ratio of paid-up capital mentioned above shall be calculated based on the ratio of equity attributable to the owner of the parent company on the balance sheet.

2.2 Individual Financial Analysis

Individual Financial Analysis

Analysis Item (Note 2)		Financial analysis for the last five years					
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt Ratio	3.82	4.28	5.32	17.33	5.97	
	Ratio of long-term capital to property, plant and equipment	281.63	275.26	281.35	360.43	233.85	
Solvency (%)	Current ratio	2,628.20	2,146.38	1,532.72	416.28	1,727.89	
	Quick ratio	2,486.91	1,992.80	1,399.45	393.99	1,507.36	
	Interest coverage ratio	92,178.57	168,421.43	3,000,623.08	6,965,748.57	168,703.70	
Operating performance	Accounts receivable turnover (times)	6.06	7.05	5.36	17.31	5.41	
	Average collection period	60.23	51.77	68.09	21.08	67.46	
	Inventory turnover (times)	4.26	3.93	4.20	8.61	5.30	
	Accounts payable turnover (times)	52.85	143.54	37.85	64.98	32.53	
	Average days in sales	85.68	92.87	86.90	42.39	68.86	
	Property, plant and equipment turnover (times)	0.39	0.50	0.99	3.86	0.85	
	Total assets turnover (times)	0.14	0.18	0.28	1.11	0.32	
Profitability	Total assets turnover (times)	0.61	0.55	7.30	62.49	1.99	
	Return on total assets (%)	0.64	0.58	8.34	72.72	2.12	
	Ratio to paid-in capital (%)	business interest	(2.23)	2.62	44.75	267.92	4.92
		net profit before tax	3.02	2.76	45.74	285.88	5.34
	Profit ratio (%)	4.45	3.15	26.54	56.54	6.21	
	Earnings per share (NT\$)	0.21	0.19	3.26	23.16	0.43	

Year (Note 1) Analysis Item (Note 2)		Financial analysis for the last five years				
		2023	2022	2021	2020	2019
Cash flow	Cash flow ratio (%)	235.14	92.65	(8.15)	312.49	171.46
	Cash flow adequacy ratio (%)	125.88	120.48	129.12	294.56	114.49
	Cash reinvestment ratio (%)	1.99	(2.52)	(23.19)	41.76	1.07
Leverage	Operating leverage	(8.03)	9.08	1.68	1.19	4.46
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please explain the reasons for the changes in the financial ratios in the last two years. (If the change of increase or decrease does not reach 20%, the analysis can be exempted)

1. Current ratio: The change increased by 22.45%. The main reason is that the current assets in 2023 increased by NT\$11,519 thousand compared with 2022, an increase of 0.81% and the current liabilities decreased by NT\$11,768 thousand, a decrease of 17.67%.
2. Quick ratio: The change increased by 24.79%, mainly due to the increased of NT\$36,332 thousand in 2023 (current assets-inventory-prepaid expenses) compared with 2022, an increase of 2.74%, and the decrease of NT\$11,768 thousand in current liabilities, a decrease of 17.67%.
3. Interest coverage ratio: The change decreased by 45.27%, mainly due to the increased of NT\$2,231 thousand in 2023 (interest expenses plus net profit before tax) compared with 2022, an increase of 9.46%, and the increased of NT\$14 thousand in interest expenses, an increase of 100%.
4. Accounts payable turnover: The change decrease by 63.18%. The main reason is that the sales cost decreased NT\$87,133 thousand in 2023 compared with 2022, a decrease of 18.74%, and the average accounts payable increased NT\$3,909 thousand, an increase of 120.70%.
5. Property, plant and equipment turnover: The change decreased by 22%. The main reason is that the net sales decreased NT\$128,148 thousand in 2023 compared with 2022, a decrease of 24.33% and the average net sales of property, plant and equipment decreased NT\$34,027 thousand a decrease of 3.24%.
6. Total assets turnover (times) : The change decreased by 22.22%. The main reason is that the net sales decreased NT\$128,148 thousand in 2023 compared with 2022, a decrease of 24.33% and the average total assets decreased NT\$118,281 thousand, a decrease of 3.93%.
7. The ratio of operating profit to paid-in capital: The change decreased by 185.11%, mainly reason is that the operating profit in 2023 decreased by NT\$41,397 thousand compared with 2022, a decrease of 185.20%.
8. Profit ratio : The change increased by 41.27%. The main reason is that the after-tax profit increased NT\$1,175 thousand in 2023 compared with 2022, an increase of 7.09%. The net sales decreased NT\$128,148 thousand, a decrease of 24.33%.
9. Cash flow ratio : The change increased by 153.79%. The main reason is that the net cash flow from operating activities increased NT\$67,203 thousand in 2023 compared with 2022, an increase of 108.94%, and the current liabilities decreased by NT\$11,768 thousand, a decrease of 17.67%.
10. Cash reinvestment ratio: The change increased by 178.97%. The main reason is that (net cash flow from operating activities - cash dividends) increased NT\$195,124 thousand in 2023 compared with 2022, an increase of 179.22%, (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital) increased NT\$26,235 thousand in 2023 compared with 2022, an increase of 0.61%.
11. Operating leverage : The change decreased by 188.44%. The main reason is that (net operating income - variable operating costs and expenses) decreased NT\$50,004 thousand in 2023 compared with 2022, a decrease of 24.63%, the operating profit decreased NT\$41,397 thousand in 2023 compared with 2022, a decrease of 185.20%.

Note 1: 2019-2023 annual financial statements have been checked and certified by accountants ◦

Note 2: At the end of this table of the annual report, the following calculation formula should be listed: Please refer to pages 95-97.

3. Audit Committee's Report in the Most Recent Year

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

4. Most recent annual financial report: see pages 115-167

5. The company's individual financial report approved by an accountant for the most recent year: Please refer to pages 168-217.

6. If the company and its affiliated companies have experienced financial turnover difficulties in the most recent year and as of the date of publication of the annual report, the impact on the company's financial status shall be listed: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Analysis of Financial Status :

The main reasons and impacts of major changes in assets, liabilities, and shareholders' equity in the last two years. If the impact is significant, the future response plan should be explained:

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Increase (decrease) ratio
current assets	1,748,762	1,746,399	2,363	0.14%
Financial assets at fair value through other comprehensive income - non-current	82,637	65,179	17,458	26.78%
Financial assets at amortized cost -non-current	—	11,023	(11,023)	(100.00%)
Property, plant and equipment	1,129,354	1,168,563	(39,209)	(3.36%)
Right-of-use assets	6,622	7,078	(456)	(6.44%)
Other assets	4,590	7,106	(2,516)	(35.41%)
Total Assets	2,971,965	3,005,348	(33,383)	(1.11%)
Current Liabilities	56,995	68,530	(11,535)	(16.83%)
Non-current Liabilities	55,159	57,810	(2,651)	(4.59%)
Total Liabilities	112,154	126,340	(14,186)	(11.23%)
Share capital	852,812	852,812	—	—
Capital surplus	3,454	3,333	121	3.63%
Retained earnings	1,904,548	1,929,434	(24,886)	(1.29%)
Other equity	6,746	(5,391)	12,137	225.13%
Equity attributable to owners of the Company	2,767,560	2,780,188	(12,628)	(0.45%)
Non-controlling interests	92,251	98,820	(6,569)	(6.65%)
Total Equity	2,859,811	2,879,008	(19,197)	(0.67%)

Remark:

- (1) Financial assets at fair value through other comprehensive income-non-current increase by NT\$17,458 thousand, an increase of 26.78%, mainly due to the increase in unrealized valuation benefits measured at fair value.
- (2) Financial assets at amortize cost - non-current decrease by NT\$11,023 thousand, an decrease of 100%, mainly due to the decrease of 2-year term deposits.
- (3) Other assets decreased by NT\$2,516 thousand, a decreased of 35.41%, mainly due to the decreased of NT\$965 thousand in deferred income tax assets, and the

decreased of NT\$1,551 thousand in deposits.

- (4) Other equity increase by NT\$12,137 thousand, an increase of 225.13%, mainly due to the depreciation of the exchange rate of RMB against the New Taiwan dollar in 2023, which caused an loss increase of NT\$5,846 thousand in exchange difference benefits from the conversion of financial statements of foreign operating institutions, and an increase in the remeasurement of defined benefit plans NT\$525thousand, and the unrealized benefit of equity instrument investment measured at fair value through other comprehensive profit and loss increase by NT\$17,458 thousand.

2. Financial Performance :

2.1 The main reasons for major changes in operating income, operating profit, and pre-tax net profit in the last two years:

Business Results Comparison Analysis Table

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Variation ratio %
Net sales	405,763	553,968	(148,205)	(26.75%)
Operating costs	406,138	510,294	(104,156)	(20.41%)
Gross (loss) profit	(375)	43,674	(44,049)	(100.86%)
Operating Expenses	48,085	48,696	(611)	(1.25%)
Loss from operations	(48,460)	(5,022)	43,438	864.95%
Non-operating Income and Expenses	69,226	25,533	43,693	171.12%
Profit before income tax	20,766	20,511	255	1.24%
Income tax expense	8,027	6,985	1,042	14.92%
Net profit for the year	12,739	13,526	(787)	(5.82%)

Explanation on the analysis of major changes in the last two years (if the change in operating gross profit reaches more than 20%, the difference analysis should be made separately as shown in Table 2, and if the change of increase or decrease does not reach 20%, the analysis can be exempted):

2.1.1 Explanation of the change analysis of the ratio of increase and decrease:

- (1) Net seales decreased by NT\$148,205 thousand, a decrease of 26.75%, mainly due to the oversupply of production capacity in the market, sufficient inventory of anti-epidemic materials for new crown pneumonia, reduced demand and fierce market competition. So the net sales revenue of the company in 2023 decreased compared with 2022.
- (2) Operating costs decreased by NT\$104,156 thousand, a decrease of 20.41%, mainly due to the decrease in the demand for non-woven fabrics and masks for epidemic prevention, the decrease in orders, and the

decrease in related material and labor costs.

- (3) Gross profit decreased by NT\$44,049 thousand, a decrease of 100.86%, mainly due to the decrease in market demand and oversupply of production capacity, as well as fierce market competition, which resulted in a decrease in production and sales in 2023 compared with 2022.
- (4) Loss from operations increase by NT\$43,438 thousand, a increase of 864.95%. The main reason was that Gross Profit decreased by NT\$44,049 thousand, and operating expenses decreased by NT\$ 611 thousand.
- (5) Non-operating income and expenses increased by NT\$43,693 thousand, an increase of 171.12%, the main reason was interest income increased by NT\$31,154 thousand, other income increased by NT\$93 thousand, other interests and losses increased by NT\$12,460 thousand, and financial costs increased by NT\$14 thousand.

2.1.2 Analysis of Changes in Operating Gross Profit

Unit: NT\$ thousand

Item	Number of changes before and after the period	Reason for difference				
		Non-woven				other products difference
		selling price difference	cost price difference	sales mix difference	quantity difference	
Gross profit	(44,049)	(3,195)	(6,239)	2,653	(2,235)	(35,033)
illustrate	Due to the strong demand for raw materials and finished products of anti-epidemic products such as non-woven fabrics and masks and protective clothing during the 2020 new coronavirus pneumonia (COVID-19) epidemic, the industry has expanded the equipment for non-woven fabrics and masks and other products. Under the situation that peers has completed the expansion of non-woven fabric and mask production capacity one after another, coupled with the abundant inventory of anti-epidemic materials in the market, the market demand has decreased and other factors, the production capacity in the market has exceeded demand, and the market competition is fierce. As a result, the production and sales revenue in 2023 decreased compared with 2022, so the gross profit margin decreased.					

2.2 Expected sales volume and its basis, possible impact on the company's future financial business and response plan: Please refer to the description on page 6.

3. Analysis of Cash Flow :

Analysis of Cash Flow Changes

Unit: NT\$ thousand

Opening cash balance	Annual net cash flow from operating activities	Annual net cash inflows (outflows) from investment and financing activities	cash surplus (Insufficient) amount	cash deficit remedial measures	
				investment plan	financial plan
1,013,789	124,653	(584,189)	554,253	-	-
<p>1. Analysis of cash flow changes in the most recent year:</p> <p>(1) Operating activities: Please refer to the cash flow statement on page 124.</p> <p>(2) Investing activities: Please refer to the cash flow statement on page 124.</p> <p>(3) Financing activities: Please refer to the cash flow statement on page 125.</p>					
Item	Year	2023	2022	Increase (decrease) ratio (%)	
Cash Flow Ratio (%)		218.71	113.71	92.34	
Cash Flow Allowance Ratio (%)		138.79	133.75	3.77	
cash reinvestment ratio (%)		1.76	(1.99)	188.44	
<p>Explanation on the change analysis of increase/decrease ratio:</p> <p>Please refer to page 95 for the explanation on the reasons for the change in the financial analysis of the last five years.</p>					
<p>2. Improvement plan for insufficient liquidity:</p> <p>(1) Investment plan: None.</p> <p>(2) In terms of financial planning: none.</p>					
<p>3. Cash liquidity analysis for the coming year:</p>					
Opening cash balance	Estimated annual net cash flow from operating activities	Forecast annual net cash inflows (outflows) from investment and financing activities	Estimated cash surplus (deficiency) the amount	Estimated cash shortfall Remedy	
				investment plan	financial plan
554,253	82,418	(110,457)	526,214	-	-

4. Impact of Major Capital Expenditures on Financial Business in Recent Years

4.1 Use of major capital expenditures and sources of funds

Unit: NT\$ thousand

Project	Actual or Expected Source of Funds	Actual or Expected Finished Date	Total Funding Required	Actual or planned use of funds				
				2021	2022	2023	2024	2025
<u>Purchase of fixed assets :</u> Construct additional buildings, purchasing machine and other related ancillary equipment	Remaining working capital	114.12	179,263	92,659	16,052	28,326	21,247	20,979

Note 1: 11,055 square meters of agricultural land (cost NT\$31,249 thousand) was purchased in 2008. The application for changing industrial land has been approved by the Ministry of the Interior, and the Tainan City Government has announced that it will be effective from November 28, 2016. The factory must be completed within three years. The company started the onstruction of the factory building in May 2018, completed the construction in ovember 2019, and obtained the use license in December.

Note 2: If it is expected that there will be major changes in the relative capital cost of debt and capital increase or the policy of debt and capital increase in the future, it should be explained.

4.2 Expected Benefit

4.2.1.Purchase land: increase storage and factory operation space, improve factory production efficiency, and provide for future expansion of machines.

The required land, the application for changing the land for industrial use has been reviewed and approved by the Ministry of the Interior, and the Tainan City Government has announced that it will be effective from November 28, 2016. The factory must be completed within three years. The company started the construction of the factory building in May 2018, completed the construction in November 2019, and obtained the use license in December.

4.2.2.Explanation of the benefits of building additional buildings (factory buildings and warehouses), purchasing machinery and equipment and other related ancillary equipment: building additional factories and warehouses, purchase of machinery and equipment to facilitate the development of new products and improve production efficiency, product quality, and the development of niche and high value-added non-woven related products, increase product items and increase revenue and profit.

5. Investment Policy in Last Year :

Unit: NT\$ thousand

Item	Explanation	Amount (Note) (end of December 2023)	Policy	Main reason of profit or loss	Improvement plan	Other investment plan in future
Hong Kong Everbig Int'l Investment Ltd.		347,249	long hold (equity method)	The loss of NT\$23,897 thousand in 2023 was due to the slowdown in demand for the prevention of the new coronavirus since 2023, the reduction in demand from non-woven downstream processing manufacturers, and the oversupply in the market, resulting in a sharp decline in non-woven production and sales.	The company will continue to strengthen the market development and product development of non-woven fabrics, so that the sales can reach the economical production scale and above the profit and loss balance point, and give full play to the investment benefits.	At present, there are two production lines including SS and SMS, which diversify product production and improve production efficiency, as well as produce differentiated and special products, such as producing soft, cotton soft and super cotton soft non-woven fabrics, etc.

Note: The investment amount for this year exceeds 5% of the paid-in capital.

6. Risk matters should analyze and evaluate the following matters in the most recent year and as of the publication date of the annual report :

6.1 The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss future response measures:

The Company does not adopt hedge accounting.

6.1.1. Interest rate: The company's operating conditions in 2023 were stable and its financial structure was good. By the end of 2023, the loan amount from financial institutions was NT\$0 thousand, and the annual interest expense was only NT\$28 thousand. The annual interest income is NT\$52,428 thousand. Because the US fed raises interest rates US dollar exchange rate remains high, our company holds higher interest rates on U.S. dollar time deposits. In addition, the financial department of the company will evaluate the changes in interest rates at any time based on the economic environment and the latest information from the financial market, and maintain a close interaction with the bank to strive for the best interest rate in order to reduce interest costs and

increase interest income.

6.1.2.Exchange rate: Because the exchange rate of foreign currency fluctuates greatly, there will be exchange benefits or losses. Therefore, the company adopts the strategy of offsetting the imported raw materials, materials or equipment parts with the export payment and foreign currency fixed deposit to reduce the exchange rate risk; In middle of 2023 due to the depreciation of the New Taiwan dollar against the US dollar and other foreign currencies, the net exchange benefit was NT\$12,195 thousand; in addition, the financial department of the company evaluates the exchange rate changes at any time according to the latest information in the foreign exchange market, grasps the currency of the bill exchange and the timing of repayment of the loan, and controls the foreign exchange position to reduce the loss of foreign currency exchange and strive for exchange benefits.

6.1.3.Inflation: In 2023, due to the price fluctuations in crude oil and petrochemical, but Plastic industry is in recession, the price of P.P. resins also decreased caused the production cost of the company's non-woven fabrics decreased; and in February 2022, the price of oil continued to rise due to the Russian-Ukrainian war. Due to market supply and demand factors, made prices fluctuate of crude oil, petrochemical raw material and PP. However, because the company's industry has low linkage with people's livelihood resources. Therefore, in addition to oil and P.P. resin price fluctuations that have a great impact on the company's production costs, the impact of inflation or deflation on other items has limited impact on the company, and the impact on profit and loss is also relatively small.

6.2 Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

The Company does not adopt hedge accounting.

The company did not engage in high-risk, high-leverage investment, endorsement guarantee and derivative financial product transactions in 2023.

6.3 Future R&D plans and estimated R&D expenses:

The company's past research and development plans mainly focus on soft, silksoft and ultra-soft non-woven fabrics, skin-care centered hydrophilic surface layer non-woven fabrics, permanent hydrophilic non-woven fabrics, elastic non-woven fabrics, advanced post treatment medical fabrics and medical three-resistant SMMS fabrics. Product development, continuous of process improvement, new raw material testing, cost reduction and yield improvement are the main axes. In view of the SARS epidemic in 2003, the bird flu in 2005, the H1N1 and new flu in 2009, the H7N9 bird flu in 2013, and the new coronavirus disease (COVID-19) in early 2020, the market has become more concerned about Spunbond, Meltblown and

the demand for composite non-woven fabrics is increasing rapidly, So the company is strengthening the improvement and R&D of product quality requirements, such as improving the filtration efficiency of bacteria and viruses, and adding bactericidal functions to products. Considering the market demand and industrial development trend, the company will use high-performance filter media, laminated filter media, soft, silk soft and ultra-soft non-woven fabrics, skin care-centered hydrophilic non-woven fabrics, permanent hydrophilic non-woven fabrics, advanced post-treatment medical fabrics and high hydrohead, high-performance anti-alcohol, high-performance antistatic non-woven fabrics, and composite material lamination are listed as the company's future research and development priorities. Therefore, it is expected that the cost of future research and development will increase. Increasing the value added products can also make a significant contribution to the company's profitability. In addition, due to the coronavirus disease in 2020, the company successively purchased mask machines to produce general medical masks, colored masks, customized masks, 3D masks, high-end masks, etc., and also purchased related equipment of Meltblown non-woven fabrics and high-efficiency filter media to research and develop high-efficiency Filter media (HEPA) products and laminated filter media, air filter media, etc.

6.4 The impact of major policy and legal changes at domestic and abroad on the company's financial business and countermeasures:

Important policy and legal changes at domestic and abroad did not have much impact on the company's financial business in 2023.

6.5 The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures:

6.5.1. Technological changes (including information security risks): There is not much impact on the company's financial business in 2023.

6.5.2. Industry changes: The price fluctuations of petroleum and petrochemical intermediate raw material industries will cause fluctuations in the production cost of the company's non-woven fabrics. The company's response measures are to pay attention to the market price changes of P.P. To control production costs and strengthen raw material inventory management; in addition, improve the process, increase the yield rate and increase the appropriate recycling of waste ear materials and re-granulation, so as to reduce the production cost of non-woven fabrics and respond to fluctuations in the price of petroleum and PP resins. In addition, research and develop niche and high value-added products in response to changes in raw materials and non-woven fabric industries.

6.6 The impact of corporate image changes on corporate crisis management and countermeasures:

The company's corporate image is good and has not changed in 2023.

6.7 Expected benefits, possible risks and countermeasures of mergers and acquisitions: None.

6.8 Expected benefits, possible risks and countermeasures of plant expansion: Please refer to page 104 for expected benefits, 4.2 Expected possible benefits. The company has been engaged in the production and sales of non-woven fabrics for more than 30 years, understands market and technological development trends, and the company mainly invests with its own funds, so the risk is not big.

6.9 Risks and countermeasures faced by centralized purchase or sales:

In 2023, we purchased raw material P.P. resins from domestic Formosa Plastics, LCY Chemical Corp. and overseas companies such as Zhejiang Mingri, Exxon, and Daopu Petrochemistry. Among them, the purchase amount from Zhejiang Mingri accounted for 5% of the total purchase amount. Formosa Plastics and LCY Chemical Corp. purchase amount accounted for 42% and 25% each of the total purchase amount. The company believes that the risk is very small, because the company has purchased from more than two supply sources at domestic and abroad. There is no problem of supply shortage. In case of any situation, other domestic P.P. resins manufacturers can also supply P.P. resins to the company.

6.10 The impact and risks of a large number of transfers or replacements of directors or major shareholders holding more than 10% of the shares on the company, and countermeasures: None.

6.11 The impact, risks and countermeasures of the change of management rights on the company: At present, the company's directors and major shareholders hold stable shares, and there is no change in management rights.

6.12 For litigious or non-litigious events, the company and its directors, general manager, actual person in charge, major shareholders with a shareholding ratio of more than 10 percent, and affiliated companies that have been determined or are still in the chain shall be listed. For major litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' rights or securities prices, the facts in dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the litigation, and the handling as of the publication date of the annual report shall be disclosed Situation: None.

6.13 Other important risks and countermeasures: None.

7. Other Important Matters : None.

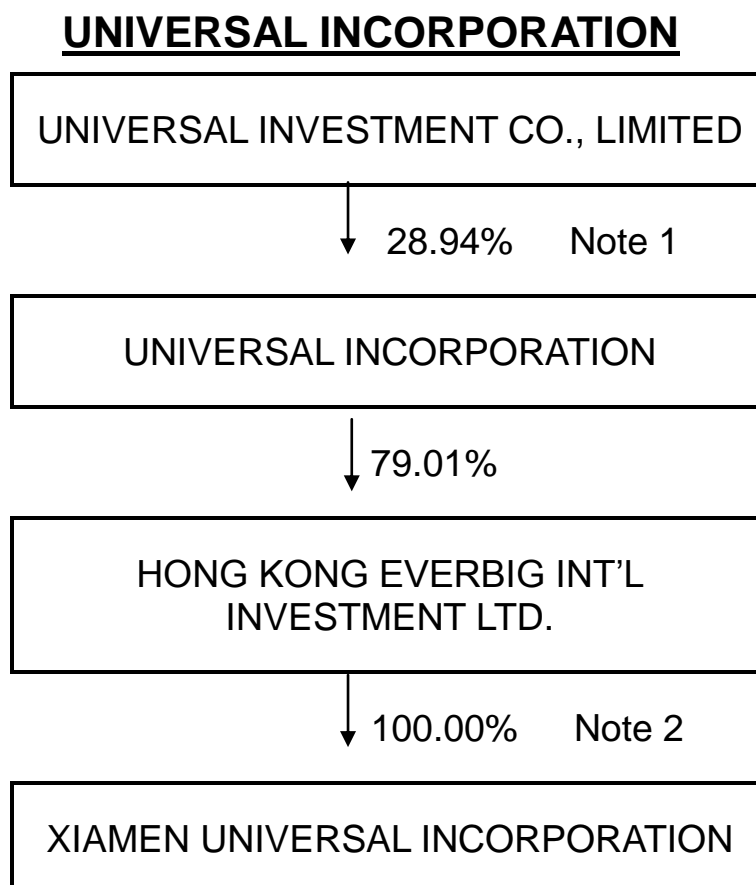
VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1 Affiliated business merger business report

1.1.1 Overview of related companies

(1) Affiliated Enterprise Organization Chart



Note 1: The company has three out of the seven directors, and its representative serves as the chairman and general manager of the company.

Note 2: Xiamen Universal Incorporation is an invested company 100% held by Hong Kong Everbig Int'l Investment Ltd.

(2) Basic information of each affiliated enterprise

Unit: Both HK\$ and RMB are yuan; NT\$ thousand

Company Name	Date of Establishment	Address	Paid-in Capital	Main Business or Production Project
Hong Kong Everbig Int'l Investment Ltd.	1993.06.08	ROOM 1912,CC WU BUILDING,302 HENNESSY ROAD, WANCHAI, HONG KONG	HK\$112,952,000 (exchange rate HK\$1:NT\$3.929)	investment industry
Xiamen Universal Incorporation	1990.05.04	NO.77,HONG TANG ROAD, TONG AN DISTRICT,XIAMEN	USD15 million (equivalent to RMB104,886,817.32)	Production and sales of various non-woven fabrics and their processed products
Factory name: Xiamen Tong An Factory	1996.12.01	NO.77,HONG TANG ROAD, TONG AN DISTRICT,XIAMEN	(exchange rate RMB1:NT\$4.335258)	

(3) Information on the same shareholders who are presumed to have control and subordination: None.

(4) The industries covered by the business operations of the overall relationship enterprises

The businesses operated by the company and its affiliated companies include the non-woven fabric and the investment industry.

The company is mainly engaged in the production and sales of various non-woven fabrics and their processed products. The main products are polypropylene (P.P.) Spunbonded, Meltblown non-woven fabrics and their composite fabrics, and downstream processed products of non-woven fabrics. In order to develop downstream processing products of non-woven fabrics, move towards the production and sales target of vertical integration of upstream and downstream non-woven fabrics, in order to stabilize market sales and profit sources, the company invested in Hong Kong Everbig Int'l Investment Ltd. and then indirectly invested in Xiamen Universal Incorporation in China (hereinafter referred to as Xiamen Universal), Xiamen Universal completed the construction of the first phase of the Xiamen Tongan Factory on December 1, 1996, and began to engage in the production and sales of various non-woven downstream converted products. The main raw materials used are spunbond, Meltblown and Composite non-woven fabrics are supplied by the company, but due to major environmental factors, Xiamen Universal has suspended the production and sales of non-woven converted products since August 3, 2006.

In 2008 and 2009, Xiamen Universal built a non-woven factory in the second phase of land, and purchased non-woven machinery and equipment in 2009. In the fourth quarter of 2009, it completed the expansion of the first 3.2M double beam Spunbond non-woven automatic production line, transformation and upgrading to engage in the production and sales of non-woven fabrics. In addition, in April 2010, the second 3.2M double beam Spunbond non-woven automatic production line was purchased, and the factory expansion was completed in February 2011; the second SS production line was transformed into an SMS composite fabric production line in May 2017 (the M was moved to the S02 line from S01 SMS, which transformed in September 2014.) to diversify product production and improve production efficiency.

Hong Kong Everbig Int'l Investment Ltd. is specialized in investment.

(5) Information on directors, supervisors and general managers of affiliated companies

Unit: share; %

Company Name	Title	Name or Representative	Hold shares	
			Number of shares	Shareholding ratio
Hong Kong Everbig Int'l Investment Ltd. (Note 1)	President	Huang, Mei-Hui (Representative of Universal Incorporation)	89,246,160	79.01%
	Director	Universal Incorporation (Representative : Huang, Shu-Huei)	89,246,160	79.01%
	Director	Universal Investment Incorporation (Representative : Huang, Kun Ming 、 Lam, Minh)	15,896,400	14.07%
Xiamen Universal Incorporation	President	Huang, Mei-Hui	(Note 2)	(Note 2)
	Director	Wong, Chi Ming		
	Director	Wong, Lai Lim		
	Director	Wong, Yau Lim (Note 3)		
	Director	Huang, Shu-Huei		
	Director	Huang, Kun Ming		
	Director	Lam, Minh		
	Supervisor	Tsai, Hong Janq		
General manager	Huang, Mei-Hui			

Note 1: The paid-in capital of Hong Kong Everbig Int'l Investment Ltd. is HKD112,952,000, HKD 1 per share; Universal Incorporation invested in Hong Kong Everbig Int'l Investment Ltd. The remitted investment amount was USD10,996,530 (equivalent to NTD341,721,000), holding 89,246,160 shares (par value HKD1 yuan per share), accounting for 79.01% of the equity.

Note 2: Hong Kong Everbig Int'l Investment Ltd. holds 100% equity of Xiamen Universal Incorporation. The capital of Xiamen Universal Incorporation is US\$15 million (equivalent to RMB104,886,817.32)

Note 3: The 7 directors and 1 supervisor of Xiamen Universal are representatives of Hong Kong Everbig Int'l Investment Ltd.

1.1.2 Overview of the operation of each affiliated company

Unit: NT\$ thousand

Company Name	capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating profit (loss)	Profit and loss for the period (after tax)	After-tax earnings per share
Hong Kong Everbig Int'l Investment Ltd. (Note)	443,788	441,681	2,181	439,500	7,209	(29,415)	(23,897)	—
Xiamen Universal Incorporation	454,711	441,643	2,181	439,462	7,209	(29,415)	(23,897)	—

Note: The information of Hong Kong Everbig Int'l Investment Ltd. is based on the consolidated statement prepared with Xiamen Universal Incorporation.

1.1.3 Consolidated Financial Statements of Affiliated Enterprises: Please refer to pages 115 to 167.

1.2 Relationship Report

1.2.1 Affiliated company consolidated financial statements:

Relationship Report Statement

The company's relationship report for the 2023 (from January 1, 2023 to December 31, 2023) was prepared in accordance with the "Compilation Standards for Consolidated Business Reports of Affiliated Enterprises Consolidated Financial Statements and Relationship Reports of Affiliated Enterprises", and there is no major discrepancy between the disclosed information and the relevant information disclosed in the notes to the financial report of the above period.

Hereby declare

Company Name: Universal Incorporation

President: Huang, Mei-Hui

General Manager: Huang, Mei-Hui

Deputy General Manager: Kao, Ching-Hai

April 20, 2024

1.2.2 Accountant Review Report regarding Relationship Report

May 7, 2024 No.11303947

Recipient: Universal Incorporation

Subject: Expressing opinions on the statement that there is no major discrepancy in the relevant information of your company's 2023 relationship report.

Explanation:

1. The relationship report for 2023 (from January 1 to December 31, 2023) prepared by your company on April 20, 2024, has been declared by your company to be in accordance with the "Affiliated Business Merger Business Report" Affiliated Enterprises Consolidated Financial Statements and Relationship Report Preparation Standards" and the disclosed information is not significantly inconsistent with the relevant information disclosed in the notes to the financial report of the above-mentioned period. The statement is attached.
2. The accountants have compared the relationship report prepared by your company with the notes to your company's 2023 financial report in accordance with the "Consolidated Business Report of Affiliated Enterprises Consolidated Financial Statements and Relationship Reports of Affiliated Enterprises", and have not found the above statements are significantly inconsistent.

Deloitte Touche Tohmatsu Limited

Accounting: Chu, Szu-Lan

Accounting: Chang, Chun-Yi

1.2.3 Overview of the relationship between the subsidiary company and the controlling company

Unit: Shares; %

Name of controlling company	control reasons	Status of Holding shares and pledge for controlling company			Controlling company assign staff to serves as situation of directors, supervisor or manager	
		Number of shares	Percentage	Pledge shares	Title	Name
Universal Investment Co., Ltd.	Director of Universal Incorporation and its designated representatives have been hired as president, director, general manager and deputy general manager of Universal Incorporation	24,679,800	28.94%	-	President and General Manager Director and Deputy General Manager Director	Huang, Mei-Hui Kao, Ching Hai Lam, Minh
Universal Incorporation	Holds 79.01% of the shares of Hong Kong Everbig Int'l Investment Ltd., and its appointed representative is hired as the president and director of Hong Kong Everbig Int'l Investment Ltd.	89,246,160 (HK\$ 1 per share)	79.01%	-	President Director	Huang, Mei-Hui Huang, Shu-Huei

Name of controlling company	control reasons	Status of Holding shares and pledge for controlling company			Controlling company assign staff to serves as situation of directors, supervisor or manager	
		Number of shares	Percentage	Number of shares	Title	Name
Hong Kong Everbig Int'l Investment Ltd.	Holds 100% equity of Xiamen Universal Incorporation, and its appointed representative is hired as president, director and general manager of Xiamen Universal Incorporation	Note 2	100%	-	President and General Manager Director Supervisor	Huang, Mei-Hui Wong, Chi Ming Wong, Lai Lim, Wong, Yau Lim Huang, Shu-Huei Huang, Kun Ming Lam, Minh Tsai, Hong Janq

Note 1: When the controlling company of a subsidiary company is a subsidiary company of another company, the relevant information of the other company should also be filled in; the same is true when the other company is a subsidiary company of another company, and so on.

Note 2: The paid-in capital of Xiamen Universal Incorporation is US\$15 million.

1.2.4 Transaction situation:

- (1) Business transactions: None.
- (2) Situation of property transaction: None .
- (3) Financial financing situation: None.
- (4) Asset leasing situation: None.
- (5) Other important transactions: None.

1.2.5 Endorsement Guarantee: None.

1.2.6.Engaging in derivative commodity transactions: None.

1.2.7 Other matters that have a significant impact on finance and business:
None.

2. Private Placement Securities in the Most Recent Years : None.

3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years : None.

4. Other Necessary Supplements: None.

Any Events in 2023 and as of the Date of the Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 3, Paragraph 2, Article 36 of Securities and Exchange Act, it shall also be stated item by item: None.

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, 2023 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

HUANG, MEI-HUI
Chairman

March 15, 2024

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, and by checking the receipt of payment 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)	<u>11,351</u>	-	<u>12,003</u>	<u>1</u>
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	<u>169</u>	-	<u>1,720</u>	-
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	<u>9,502</u>	-	<u>6,563</u>	-
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	<u>210</u>	-	<u>210</u>	-
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	<u>852,812</u>	<u>29</u>	<u>852,812</u>	<u>28</u>
Capital surplus	<u>3,454</u>	-	<u>3,333</u>	-
Retained earnings				
Legal reserve	441,684	15	440,026	15
Special reserve	152,698	5	147,307	5
Unappropriated earnings	<u>1,310,166</u>	<u>44</u>	<u>1,342,101</u>	<u>45</u>
Total retained earnings	<u>1,904,548</u>	<u>64</u>	<u>1,929,434</u>	<u>65</u>
Other equity	<u>6,746</u>	-	<u>(5,391)</u>	-
Total equity attributable to owners of the Company	2,767,560	93	2,780,188	93
NON-CONTROLLING INTERESTS (Notes 4 and 19)	<u>92,251</u>	<u>3</u>	<u>98,820</u>	<u>3</u>
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	<u>\$ 852,812</u>	<u>\$ 3,454</u>	<u>\$ 441,684</u>	<u>\$ 152,698</u>	<u>\$ 1,310,166</u>	<u>\$ 144</u>	<u>\$ (22,589)</u>	<u>\$ 29,191</u>	<u>\$ 2,767,560</u>	<u>\$ 92,251</u>	<u>\$ 2,859,811</u>

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>

(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
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>
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)

UNIVERSAL INCORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 15, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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 2 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.

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.

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.

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. MATERIAL 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 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

	December 31	
	2023	2022
Cash on hand	\$ 1,189	\$ 1,296
Checking accounts and demand deposits	84,813	140,329
Cash equivalents (investments with original maturities of 3 months or less)	<u>468,251</u>	<u>872,164</u>
	<u>\$ 554,253</u>	<u>\$ 1,013,789</u>

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

	December 31	
	2023	2022
Interest rate (per annum)	0.2%-5.35%	0.25%-4.6%

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

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Domestic funds	<u>\$ 194,366</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 833,024	\$ 526,790
Restricted deposits	<u>5,010</u>	<u>3</u>
	<u>\$ 838,034</u>	<u>\$ 526,793</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	\$ -	\$ 11,023 (Concluded)

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>2023</u>	<u>2022</u>
Interest rate (per annum)	1.425%-2.25%	1.3%-3.05%

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in equity instruments at FVTOCI		
Domestic unlisted shares		
Universal Investment Incorporation	\$ 43,156	\$ 35,910
Everspring Enterprises Inc.	39,366	29,154
Fu Hua Venture Capital Inc.	<u>115</u>	<u>115</u>
	<u>\$ 82,637</u>	<u>\$ 65,179</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 have recognized the relevant gains and losses on February 1, 2024 after receiving its share from the distribution of property.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
From operations	<u>\$ 965</u>	<u>\$ 541</u> (Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 61,208	\$ 69,528
Less: Allowance for impairment loss	<u>(365)</u>	<u>(365)</u>
	<u>\$ 60,843</u>	<u>\$ 69,163</u> (Concluded)

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, 2023

	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	0.60%	-	-	-	-	0.60%
Gross carrying amount	\$ 61,208	\$ -	\$ -	\$ -	\$ -	\$ 61,208
Loss allowance (Lifetime ECLs)	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(365)</u>
Amortized cost	<u>\$ 60,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,843</u>

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>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	<u>\$ 365</u>	<u>\$ 365</u>

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 60,580	\$ 78,714
Raw materials and supplies	28,370	43,792
Merchandise	<u>-</u>	<u>1,604</u>
	<u>\$ 88,950</u>	<u>\$ 124,110</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$406,138 thousand and \$510,294 thousand, respectively.

The amount of cost of goods sold for the years ended December 31, 2023 and 2022 included \$142 thousand and \$899 thousand of inventory write-downs, respectively.

12. OTHER CURRENT ASSETS

	December 31	
	2023	2022
Other receivables	\$ 10,165	\$ 9,872
Prepayments	749	1,340
Prepayments for inventories	343	618
Excess VAT paid	87	136
Others	<u>7</u>	<u>37</u>
	<u>\$ 11,351</u>	<u>\$ 12,003</u>

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Percentage of Ownership (%)	
			2023	2022
Universal Incorporation	Hong Kong Everbig Int'l Investment Ltd.	Investment	79.01	79.01
Hong Kong Everbig Int'l Investment Ltd.	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
<u>Cost</u>							
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>
<u>Accumulated depreciation</u>							
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>
<u>Cost</u>							
Balance at January 1, 2023	\$ 233,095	\$ 587,551	\$ 1,966,868	\$ 16,328	\$ 86,881	\$ 8,847	\$ 2,899,570
Additions	-	2,874	6,062	-	533	13,551	23,020
Disposals	-	(200)	(49,366)	-	-	-	(49,566)
Effects of foreign currency exchange differences	-	(1,798)	(4,295)	(94)	(34)	-	(6,221)
Reclassification	-	-	9,461	-	102	(9,563)	-
Balance at December 31, 2023	<u>\$ 233,095</u>	<u>\$ 588,427</u>	<u>\$ 1,928,730</u>	<u>\$ 16,234</u>	<u>\$ 87,482</u>	<u>\$ 12,835</u>	<u>\$ 2,866,803</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 230,277	\$ 1,436,838	\$ 14,320	\$ 49,572	\$ -	\$ 1,731,007
Disposals	-	(200)	(49,366)	-	-	-	(49,566)
Depreciation expenses	-	14,429	40,456	267	4,930	-	60,082
Effects of foreign currency exchange differences	-	(1,399)	(2,560)	(85)	(30)	-	(4,074)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 243,107</u>	<u>\$ 1,425,368</u>	<u>\$ 14,502</u>	<u>\$ 54,472</u>	<u>\$ -</u>	<u>\$ 1,737,449</u>
Carrying amounts at December 31, 2023	<u>\$ 233,095</u>	<u>\$ 345,320</u>	<u>\$ 503,362</u>	<u>\$ 1,732</u>	<u>\$ 33,010</u>	<u>\$ 12,835</u>	<u>\$ 1,129,354</u>

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

Buildings	
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

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 6,447	\$ 6,858
Office equipment	<u>175</u>	<u>220</u>
	<u>\$ 6,622</u>	<u>\$ 7,078</u>
	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	\$ 302	\$ 303
Office equipment	<u>45</u>	<u>39</u>
	<u>\$ 347</u>	<u>\$ 342</u>

Except for the depreciation expenses disclosed above, The Company did not occurred any materiality sublease or identified impairment in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 43</u>	<u>\$ 37</u>
Non-current	<u>\$ 147</u>	<u>\$ 188</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2023	2022
Office equipment	6.49%	6.49%

16. BORROWINGS

Short-term Borrowings

	<u>December 31</u>	
	2023	2022
<u>Secured borrowings (Note 27)</u>		
Bank loans	\$ <u> -</u>	\$ <u>15,829</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>	
	2023	2022
Payables for salaries or bonuses	\$ 14,868	\$ 13,605
Payables for utilities expense	5,279	4,947
Payables for purchases of equipment	4,819	10,022
Payables for sales tax	572	883
Other	<u>5,518</u>	<u>5,473</u>
	<u>\$ 31,056</u>	<u>\$ 34,930</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:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 22,373	\$ 22,911
Fair value of plan assets	<u>(15,836)</u>	<u>(15,071)</u>
Net defined benefit liabilities	<u>\$ 6,537</u>	<u>\$ 7,840</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<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>
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>
Net interest expense (income)	<u>258</u>	<u>(174)</u>	<u>84</u>
Recognized in profit or loss	<u>258</u>	<u>(174)</u>	<u>84</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(154)	(154)
Actuarial gain - changes in financial assumptions	(177)	-	(177)
Actuarial gain - experience adjustments	<u>(325)</u>	<u>-</u>	<u>(325)</u>
Recognized in other comprehensive income	<u>(502)</u>	<u>(154)</u>	<u>(656)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	\$ -	\$ (731)	\$ (731)
Benefits paid	<u>(294)</u>	<u>294</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 22,373</u>	<u>\$ (15,836)</u>	<u>\$ 6,537</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:

	<u>December 31</u>	
	2023	2022
Discount rate	1.250%	1.125%
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:

	<u>December 31</u>	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (346)</u>	<u>\$ (366)</u>
0.25% decrease	<u>\$ 356</u>	<u>\$ 378</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 349</u>	<u>\$ 370</u>
0.25% decrease	<u>\$ (341)</u>	<u>\$ (360)</u>

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.

	<u>December 31</u>	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 713</u>	<u>\$ 746</u>
Average duration of the defined benefit obligation	6.3 years	6.5 years

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2023	2022
Number of shares authorized (in thousands)	<u>130,000</u>	<u>130,000</u>
Shares authorized	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
Number of shares issued and fully paid (in thousands)	<u>85,281</u>	<u>85,281</u>
Shares issued	<u>\$ 852,812</u>	<u>\$ 852,812</u>

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

	<u>December 31</u>	
	2023	2022
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	<u>497</u>	<u>376</u>
	<u>\$ 3,454</u>	<u>\$ 3,333</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 20-7.

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 and Rule No. 1010047490 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, 2022 and 2021 approved in the shareholders' meetings on June 27, 2023 and June 29, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ <u>1,658</u>	\$ <u>27,838</u>
Special reserve	\$ <u>5,391</u>	\$ <u>-</u>
Cash dividends	\$ <u>42,641</u>	\$ <u>170,562</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>0.20</u>	\$ <u>1.70</u>

The appropriations of earnings for the year ended December 31, 2023 approved by the board of directors on March 15, 2024 were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ <u>1,775</u>
Cash dividends	\$ <u>51,169</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>0.30</u>

The appropriations of earnings for the year ended December 31, 2023 are subject to the resolution of the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 147,307	\$ 147,481
Appropriation in respect of:		
Reversal of the debits to other equity items	5,391	-
Reversals:		
Disposal of property, plant and equipment	<u>-</u>	<u>(174)</u>
Balance at December 31	<u>\$ 152,698</u>	<u>\$ 147,307</u>

e. Other equity items

1) Remeasurement of defined benefit plans

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (381)	\$ (2,579)
Remeasurement of defined benefit plans	656	2,748
Related income tax expense	<u>(131)</u>	<u>(550)</u>
Balance at December 31	<u>\$ 144</u>	<u>\$ (381)</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (16,743)	\$ (22,679)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(5,846)</u>	<u>5,936</u>
Balance at December 31	<u>\$ (22,589)</u>	<u>\$ (16,743)</u>

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

	2023	2022
Balance at January 1	\$ 11,733	\$ 33,944
Unrealized gain/(loss) - equity instruments	<u>17,458</u>	<u>(22,211)</u>
Balance at December 31	<u>\$ 29,191</u>	<u>\$ 11,733</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 98,820	\$ 100,297
Share of loss for the year	(5,016)	(3,054)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign operations	<u>(1,553)</u>	<u>1,577</u>
Balance at December 31	<u>\$ 92,251</u>	<u>\$ 98,820</u>

20. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits and financial assets at amortized cost	<u>\$ 52,428</u>	<u>\$ 21,274</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 843	\$ 1,799
Rental income	1,313	364
Others	<u>1,506</u>	<u>1,406</u>
	<u>\$ 3,662</u>	<u>\$ 3,569</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 603	\$ 6,916
Fair value changes of financial assets		
Financial assets designated as at FVTPL	366	(1,056)
Gain on disposal of financial assets	-	1,550
Net foreign currency exchange gains (losses)	12,195	(6,521)
Others	<u>-</u>	<u>(185)</u>
	<u>\$ 13,164</u>	<u>\$ 704</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	\$ 12	\$ 12
Interest on lease liabilities	<u>16</u>	<u>2</u>
	<u>\$ 28</u>	<u>\$ 14</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 60,082	\$ 61,281
Right-of-use assets	<u>347</u>	<u>342</u>
	<u>\$ 60,429</u>	<u>\$ 61,623</u>
An analysis of depreciation by function		
Operating costs	\$ 59,551	\$ 60,835
Operating expenses	<u>878</u>	<u>788</u>
	<u>\$ 60,429</u>	<u>\$ 61,623</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 87,089	\$ 98,288
Post-employment benefits (Note 18)		
Defined contribution plans	2,864	3,193
Defined benefit plans	<u>84</u>	<u>68</u>
Total employee benefits expense	<u>\$ 90,037</u>	<u>\$ 101,549</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 61,723	\$ 71,362
Operating expenses	<u>28,314</u>	<u>30,187</u>
	<u>\$ 90,037</u>	<u>\$ 101,549</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, 2023 and 2022, which have been approved by the Company's board of directors on March 15, 2024 and March 24, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Compensation of employees	3.16%	0.5%
Remuneration of directors	1.05%	0.2%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 851	\$ 119
Remuneration of directors	283	47

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, 2022 and 2021.

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>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 7,856	\$ 7,347
Income tax on unappropriated earnings	-	3,999
Adjustments for prior years	643	(1,330)
Deferred tax		
In respect of the current year	<u>(472)</u>	<u>(3,031)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,027</u>	<u>\$ 6,985</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 20,766</u>	<u>\$ 20,511</u>
Income tax expense calculated at the statutory rate	\$ 5,156	\$ 4,713
Income tax on unappropriated earnings (5%)	-	3,999
Tax-exempt income	(242)	(459)
Unrecognized deductible temporary differences	2,470	62
Adjustments for prior years' tax	<u>643</u>	<u>(1,330)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,027</u>	<u>\$ 6,985</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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Allowance for write-down of inventories	\$ 1,785	\$ (334)	\$ -	\$ 1,451
Unrealized exchange losses	1,720	(183)	-	1,537
Defined benefit plans	1,473	(129)	-	1,344
Remeasurement of defined benefit plans	95	-	(131)	(36)
Unrealized gross profit	<u>313</u>	<u>(188)</u>	<u>-</u>	<u>125</u>
	<u>\$ 5,386</u>	<u>\$ (834)</u>	<u>\$ (131)</u>	<u>\$ 4,421</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Provisions of land value increment tax	\$ 48,265	\$ -	\$ -	\$ 48,265
Income tax on unappropriated earnings of subsidiaries	<u>1,307</u>	<u>(1,307)</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,572</u>	<u>\$ (1,307)</u>	<u>\$ -</u>	<u>\$ 48,265</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Defined benefit plans	\$ 1,611	\$ (138)	\$ -	\$ 1,473
Remeasurement of defined benefit plans	645	-	(550)	95
Allowance for write-down of inventories	1,605	180	-	1,785
Unrealized gross profit	31	282	-	313
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>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
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>

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

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 0.21</u>	<u>\$ 0.19</u>
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.19</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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic earnings per share and diluted earnings per share	\$ <u>17,755</u>	\$ <u>16,580</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
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>23</u>	<u>61</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>85,304</u>	<u>85,342</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, 2023 and 2022, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase in property, plant and equipment	\$ (23,020)	\$ (14,543)
Decrease in payables for purchases of equipment	<u>(5,306)</u>	<u>(1,509)</u>
Net cash used in acquisition of property, plant and equipment	<u>\$ (28,326)</u>	<u>\$ (16,052)</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, 2023

	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	\$ -	\$ -	\$ 838,034	\$ 838,034
Cash and cash equivalents, notes receivable, trade receivables and other receivables	-	-	626,226	626,226
<u>Financial liabilities</u>				
Financial liabilities at amortized cost Trade payables and other payables	-	-	44,358	44,358

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>				
Financial liabilities at amortized cost Short-term borrowings	-	-	15,829	15,829
Trade payables and other payables	-	-	35,923	35,923

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments at FVTPL Domestic funds	<u>\$ 194,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,366</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>82,637</u>	\$ <u>82,637</u>
<u>December 31, 2022</u>				

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

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	Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments	
	2023	2022
Balance at January 1	\$ 65,179	\$ 87,390
Recognized in other comprehensive income	<u>17,458</u>	<u>(22,211)</u>
Balance at December 31	<u>\$ 82,637</u>	<u>\$ 65,179</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:

	For the Year Ended December 31	
	2023	2022
Decrease in the fair value	\$ 1,032	\$ 813

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 194,366	\$ -
Financial assets at amortized cost (Note 1)	1,464,260	1,631,181
Financial assets at FVTOCI		
Investment in equity instruments	82,637	65,179
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	44,548	51,977

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivables, 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.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 4,775	\$ 9,647

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:

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 1,391,098	\$ 1,534,480

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, 2023 and 2022 would have decreased/increased by \$3,478 thousand and \$3,836 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, 2023 and 2022 would have increased/decreased as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase/decrease	<u>\$ 1,944</u>	<u>\$ -</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 A, B and E, 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 A, B and E, and the ratios of their receivables to the total trade receivables are as follows:

Customer	For the Year Ended December 31,	
	2023	2022
A	32%	15%
B	28%	40%
E	14%	14%

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	
	2023	2022
Unutilized overdraft	\$ 241,988	\$ 231,780

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, 2023

	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	\$ 31,117	\$ 5,017	\$ 6,326	\$ 1,898	\$ -
Lease liabilities	<u>4</u>	<u>8</u>	<u>31</u>	<u>147</u>	<u>-</u>
	<u>\$ 31,121</u>	<u>\$ 5,025</u>	<u>\$ 6,357</u>	<u>\$ 2,045</u>	<u>\$ -</u>

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>

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>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 3,959	\$ 3,529
Post-employment benefits	<u>70</u>	<u>70</u>
	<u>\$ 4,029</u>	<u>\$ 3,599</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>2023</u>	<u>2022</u>
Freehold land	\$ 89,550	\$ 89,550
Buildings	<u>91,152</u>	<u>94,773</u>
	<u>\$ 180,702</u>	<u>\$ 184,323</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>2023</u>	<u>2022</u>
Unused letters of credit	<u>\$ 8,012</u>	<u>\$ 2,391</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:

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 15,698	30.705 (USD:NTD)	\$ 482,007
EUR	1	33.98 (EUR:NTD)	34
RMB	142	4.327 (RMB:NTD)	614
JPY	70	0.2172 (JPY:NTD)	15
KRW	328	0.02391 (KRW:NTD)	<u>8</u>
			<u>\$ 482,678</u>

Foreign currency denominated liabilities

Monetary items			
USD	145	30.705 (USD:NTD)	<u>\$ 4,452</u>

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
<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>

For the years ended December 31, 2023 and 2022, unrealized net foreign exchange losses were \$7,686 thousand and \$8,601 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. (None)
- 2) Endorsements/guarantees provided. (None)

- 3) Marketable securities held. (Table 1)
 - 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 2)
- 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 3)
 - 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. (None)
 - 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 4)

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:

	Revenue from		Non-current Assets	
	External Customers		December 31	
	2023	2022	2023	2022
Taiwan	\$ 331,444	\$ 453,994	\$ 1,002,607	\$ 1,032,939
Northeast Asia	59,609	60,895	-	-
United States	7,501	11,813	-	-
China	7,209	24,165	133,538	144,422
Southeast Asia	-	3,101	-	-
	<u>\$ 405,763</u>	<u>\$ 553,968</u>	<u>\$ 1,136,145</u>	<u>\$ 1,177,361</u>

c. Information on major customers

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

	For the Year Ended December 31			
	2023		2022	
Customer A	\$ 101,548	25%	\$ 120,484	22%
Customer B	69,648	17%	106,251	19%

UNIVERSAL INCORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Universal Incorporation	<u>Domestic funds</u>							
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	2,885,316	\$ 40,229	-	\$ 40,229	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	9,910,320	154,137	-	154,137	Note 1
	<u>Ordinary Shares</u>							
	Universal Investment Incorporation	The holding company of the Company	Financial assets at FVTOCI - non-current	1,686,623	43,156	3.09	43,156	Note 2
	Everspring Enterprises Inc.	Substantial related party	Financial assets at FVTOCI - non-current	872,813	39,366	11.30	39,366	Note 2
Fu Hua Venture Capital Inc.	-	Financial assets at FVTOCI - non-current	7,499	115	2.50	115	Notes 2 and 4	

Note 1: The balance sheet date was calculated based on the net value of the fund.

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

Note 4: 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 have recognized the relevant profits and losses on February 1, 2024 after receiving its share from the distribution of property.

UNIVERSAL INCORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Number of Shares	(%)	Carrying Amount			
Universal Incorporation	Hong Kong Everbig Int'l Investment Ltd.	ROOM 1912, C C WU BUILDING, 302 HENNESSY ROAD, WANCHAI, HONG KONG	Investment holding	\$ 341,721	\$ 341,721	89,246,160	79.01	\$ 347,249	\$ (23,897)	\$ (18,881)	
Hong Kong Everbig Int'l Investment Ltd.	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	439,462	(23,897)	(23,897)	

Note 1: The amounts were calculated based on the most recent audited financial statements (for the year ended December 31, 2023).

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 3.

UNIVERSAL INCORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Current Net Income (Loss)	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Xiamen Universal Incorporation	Production and marketing of nonwovens and their processed products	\$ 454,711 (US\$ 15,000,000)	Note 1	\$ 341,721 (US\$ 10,996,530)	\$ -	\$ -	\$ 341,721 (US\$ 10,996,530)	\$ (23,897)	79.01	\$ (18,881)	\$ 347,249	\$ -

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ 341,721 (US\$ 10,996,530)	\$ 341,721 (US\$ 10,996,530)	\$ 1,660,536

Note 1: The company is held through investment in another company in a third region (Hong Kong Everbig Int'l Investment Ltd.).

Note 2: Calculated based on the most recent financial statements (for the year ended December 31, 2023) 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 4**UNIVERSAL INCORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Universal Investment Incorporation	24,679,800	28.93
Fu Lin Business Development Foundation	5,537,596	6.49
MEI-HUI HUANG	4,520,176	5.30

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.

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, and by checking the receipt of payment 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 gain / (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>\$ 29,892</u>	<u>8</u>	<u>\$ 2,503</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)

UNIVERSAL INCORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 15, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Company.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which 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 the 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 the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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 Company 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.

Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was 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 the 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.

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.

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 included in the calculation of equity transactions but 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.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

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 Company 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 Company 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 Company 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 Company 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 Company 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.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI:

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company assesses whether the contract is, or contains, a lease.

a. The Company 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 Company as lessee

The Company 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 Company 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 Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company 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 Company 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 rereasurement) 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. Rereasurement, 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. Rereasurement 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 Company'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 Company 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 Company 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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 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>	
	2023	2022
Cash on hand	\$ 1,179	\$ 1,281
Checking accounts and demand deposits	71,464	116,398
Cash equivalents (investments with original maturities of 3 months or less)	<u>468,251</u>	<u>872,164</u>
	<u>\$ 540,894</u>	<u>\$ 989,843</u>

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

	<u>December 31</u>	
	2023	2022
Interest rate (per annum)	0.58%-5.35%	0.455%-4.6%

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

	<u>December 31</u>	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Domestic funds	<u>\$ 194,366</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 553,400	\$ 260,023
Restricted deposits	<u>5,010</u>	<u>3</u>
	<u>\$ 558,410</u>	<u>\$ 260,026</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>	
	2023	2022
Interest rate (per annum)	1.425%-1.575%	1.30%-3.05%

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in equity instruments at FVTOCI		
Domestic unlisted shares		
Universal Investment Incorporation	\$ 43,156	\$ 35,910
Everspring Enterprises Inc.	39,366	29,154
Fu Hua Venture Capital Inc.	<u>115</u>	<u>115</u>
	<u>\$ 82,637</u>	<u>\$ 65,179</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 Company'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 Company has recognized the relevant gains and losses on February 1, 2024 after receiving its share from the distribution of property.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
From operations	<u>\$ 965</u>	<u>\$ 541</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 61,208	\$ 69,528
Less: Allowance for impairment loss	<u>(365)</u>	<u>(365)</u>
	<u>\$ 60,843</u>	<u>\$ 69,163</u>

Trade receivables

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

The Company 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 Company'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 Company's different customer base.

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

December 31, 2023

	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	0.60%	-	-	-	-	0.60%
Gross carrying amount	\$ 61,208	\$ -	\$ -	\$ -	\$ -	\$ 61,208
Loss allowance (Lifetime ECLs)	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(365)</u>
Amortized cost	<u>\$ 60,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,843</u>

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>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1 and December 31	<u>\$ 365</u>	<u>\$ 365</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 60,005	\$ 76,970
Raw materials and supplies	16,300	22,090
Merchandise	<u>-</u>	<u>1,604</u>
	<u>\$ 76,305</u>	<u>\$ 100,664</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$377,735 thousand and \$464,868 thousand, respectively.

The amount of cost of goods sold for the years ended December 31, 2023 and 2022 included \$(1,672) thousand and \$899 thousand of inventory (reversed) write-downs, respectively.

12. OTHER CURRENT ASSETS

	<u>December 31</u>	
	2023	2022
Other receivables	\$ 7,698	\$ 7,271
Prepayments	706	937
Prepayments for inventories	343	618
Others	<u>89</u>	<u>37</u>
	<u>\$ 8,836</u>	<u>\$ 8,863</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2023	2022
Investments in Subsidiaries		
Hong Kong Everbig Int'l Investment Ltd.	<u>\$ 347,249</u>	<u>\$ 371,976</u>

The proportion of the Company's ownership was as follows:

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	<u>December 31</u>	
	2023	2022
Hong Kong Everbig Int'l Investment Ltd.	79.01%	79.01%

For 2023 and 2022, the Company's share of profit and loss and other comprehensive income of subsidiaries accounted for using the equity method are calculated based on the subsidiaries' audited financial statements.

Hong Kong Everbig Int'l Investment Ltd. is mainly engaged in the investment business. Xiamen Universal Incorporation is mainly engaged in the production and sale of non-woven fabrics.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transpor- tation Equipment	Miscellaneous Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 233,095	\$ 478,752	\$ 1,665,459	\$ 13,463	\$ 85,213	\$ 32,188	\$ 2,508,170
Additions	-	3,311	7,696	-	905	2,033	13,945
Disposals	-	(1,653)	(11,561)	(2,747)	(1,181)	-	(17,142)
Reclassification	-	396	24,978	-	-	(25,374)	-
Balance at December 31, 2022	<u>\$ 233,095</u>	<u>\$ 480,806</u>	<u>\$ 1,686,572</u>	<u>\$ 10,716</u>	<u>\$ 84,937</u>	<u>\$ 8,847</u>	<u>\$ 2,504,973</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Property Under Construction	Total
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 138,937	\$ 1,243,033	\$ 11,530	\$ 44,330	\$ -	\$ 1,437,830
Disposals	-	(1,531)	(11,503)	(2,409)	(1,152)	-	(16,595)
Depreciation expenses	-	12,181	35,625	175	4,734	-	52,715
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 149,587</u>	<u>\$ 1,267,155</u>	<u>\$ 9,296</u>	<u>\$ 47,912</u>	<u>\$ -</u>	<u>\$ 1,473,950</u>
Carrying amounts at December 31, 2022	<u>\$ 233,095</u>	<u>\$ 331,219</u>	<u>\$ 419,417</u>	<u>\$ 1,420</u>	<u>\$ 37,025</u>	<u>\$ 8,847</u>	<u>\$ 1,031,023</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 233,095	\$ 480,806	\$ 1,686,572	\$ 10,716	\$ 84,937	\$ 8,847	\$ 2,504,973
Additions	-	2,732	6,062	-	519	13,551	22,864
Disposals	-	(200)	(9,887)	-	-	-	(10,087)
Reclassification	-	-	9,461	-	102	(9,563)	-
Balance at December 31, 2023	<u>\$ 233,095</u>	<u>\$ 483,338</u>	<u>\$ 1,692,208</u>	<u>\$ 10,716</u>	<u>\$ 85,558</u>	<u>\$ 12,835</u>	<u>\$ 2,517,750</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 149,587	\$ 1,267,155	\$ 9,296	\$ 47,912	\$ -	\$ 1,473,950
Disposals	-	(200)	(9,887)	-	-	-	(10,087)
Depreciation expenses	-	12,294	34,267	175	4,865	-	51,601
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 161,681</u>	<u>\$ 1,291,535</u>	<u>\$ 9,471</u>	<u>\$ 52,777</u>	<u>\$ -</u>	<u>\$ 1,515,464</u>
Carrying amounts at December 31, 2023	<u>\$ 233,095</u>	<u>\$ 321,657</u>	<u>\$ 400,673</u>	<u>\$ 1,245</u>	<u>\$ 32,781</u>	<u>\$ 12,835</u>	<u>\$ 1,002,286</u>

(Concluded)

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

Buildings

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	3-24 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Office equipment	<u>\$ 175</u>	<u>\$ 220</u>

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Office equipment	\$ <u>45</u>	\$ <u>39</u>

Except for the depreciation expenses disclosed above, the Company did not have any materiality sublease or identified impairment in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ <u>43</u>	\$ <u>37</u>
Non-current	\$ <u>147</u>	\$ <u>188</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Office equipment	6.49%	6.49%

16. BORROWINGS

Short-term Borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 27)</u>		
Bank loans	\$ <u>-</u>	\$ <u>15,829</u>

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

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries or bonuses	\$ 14,388	\$ 12,865
Payables for purchases of equipment	4,819	10,022
Payables for utilities expense	5,239	4,947
Payables for sales tax	-	883
Other	<u>4,618</u>	<u>4,473</u>
	<u>\$ 29,064</u>	<u>\$ 33,190</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 22,373	\$ 22,911
Fair value of plan assets	<u>(15,836)</u>	<u>(15,071)</u>
Net defined benefit liabilities	<u>\$ 6,537</u>	<u>\$ 7,840</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<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>
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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Net interest expense (income)	\$ 258	\$ (174)	\$ 84
Recognized in profit or loss	<u>258</u>	<u>(174)</u>	<u>84</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(154)	(154)
Actuarial gain - changes in financial assumptions	(177)	-	(177)
Actuarial gain - experience adjustments	<u>(325)</u>	<u>-</u>	<u>(325)</u>
Recognized in other comprehensive income	<u>(502)</u>	<u>(154)</u>	<u>(656)</u>
Contributions from the employer	-	(731)	(731)
Benefits paid	<u>(294)</u>	<u>294</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 22,373</u>	<u>\$ (15,836)</u>	<u>\$ 6,537</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company 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:

	December 31	
	2023	2022
Discount rate	1.250%	1.125%
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:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (346)	\$ (366)
0.25% decrease	\$ 356	\$ 378
Expected rate of salary increase/decrease		
0.25% increase	\$ 349	\$ 370
0.25% decrease	\$ (341)	\$ (360)

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.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 713	\$ 746
Average duration of the defined benefit obligation	6.3 years	6.5 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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

	December 31	
	2023	2022
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	497	376
	<u>\$ 3,454</u>	<u>\$ 3,333</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 20-7.

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 and Rule No. 1010047490 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, 2022 and 2021 approved in the shareholders' meetings on June 27, 2023 and June 29, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 1,658</u>	<u>\$ 27,838</u>
Special reserve	<u>\$ 5,391</u>	<u>\$ -</u>
Cash dividends	<u>\$ 42,641</u>	<u>\$ 170,562</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>\$ 0.20</u>	<u>\$ 1.70</u>

The appropriations of earnings for the year ended December 31, 2023 approved by the board of directors on March 15, 2024 were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 1,775</u>
Cash dividends	<u>\$ 51,169</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>\$ 0.30</u>

The appropriations of earnings for the year ended December 31, 2023 are subject to the resolution of the shareholders in their meeting to be held on June 21, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 147,307	\$ 147,481
Appropriations in respect of:		
Reversal of the debits to other equity items	5,391	-
Reversals:		
Disposal of property, plant and equipment	<u>-</u>	<u>(174)</u>
Balance at December 31	<u>\$ 152,698</u>	<u>\$ 147,307</u>

e. Other equity items

1) Remeasurement of defined benefit plans

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (381)	\$ (2,579)
Remeasurement of defined benefit plans	656	2,748
Related income tax expense	<u>(131)</u>	<u>(550)</u>
Balance at December 31	<u>\$ 144</u>	<u>\$ (381)</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (16,743)	\$ (22,679)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(5,846)</u>	<u>5,936</u>
Balance at December 31	<u>\$ (22,589)</u>	<u>\$ (16,743)</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 11,733	\$ 33,944
Unrealized gain/(loss) - equity instruments	<u>17,458</u>	<u>(22,211)</u>
Balance at December 31	<u>\$ 29,191</u>	<u>\$ 11,733</u>

20. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits and financial assets at amortized cost	<u>\$ 47,894</u>	<u>\$ 17,334</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 1,313	\$ 364
Dividends	843	1,799
Others	<u>1,352</u>	<u>858</u>
	<u>\$ 3,508</u>	<u>\$ 3,021</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Net foreign currency exchange gains (losses)	\$ 11,968	\$ (8,791)
Fair value changes of financial assets		
Financial assets designated as at FVTPL	366	(1,056)
Gain on disposal of financial assets	-	1,550
Gain on disposal of property, plant and equipment	<u>-</u>	<u>663</u>
	<u>\$ 12,334</u>	<u>\$ (7,634)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest on bank borrowings	\$ 12	\$ 12
Interest on lease liabilities	<u>16</u>	<u>2</u>
	<u>\$ 28</u>	<u>\$ 14</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 51,601	\$ 52,715
Right-of-use assets	<u>45</u>	<u>39</u>
	<u>\$ 51,646</u>	<u>\$ 52,754</u>
 An analysis of depreciation by function		
Operating costs	\$ 51,104	\$ 52,305
Operating expenses	<u>542</u>	<u>449</u>
	<u>\$ 51,646</u>	<u>\$ 52,754</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 74,224	\$ 83,000
Post-employment benefits (Note 18)		
Defined contribution plans	2,864	3,193
Defined benefit plans	<u>84</u>	<u>68</u>
Total employee benefits expense	<u>\$ 77,172</u>	<u>\$ 86,261</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 53,009	\$ 60,746
Operating expenses	<u>24,163</u>	<u>25,515</u>
	<u>\$ 77,172</u>	<u>\$ 86,261</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, 2023 and 2022, which have been approved by the Company's board of directors on March 15, 2024 and March 24, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3.16%	0.50%
Remuneration of directors	1.05%	0.20%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 851	\$ 119
Remuneration of directors	283	47

If there is a change in the amounts after the annual 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 financial statements for the years ended December 31, 2022 and 2021.

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:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 7,856	\$ 7,347
Income tax on unappropriated earnings	-	3,999
Adjustments for prior years	643	(1,330)
Deferred tax		
In respect of the current year	<u>(472)</u>	<u>(3,031)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,027</u>	<u>\$ 6,985</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 25,782</u>	<u>\$ 23,565</u>
Income tax expense calculated at the statutory rate	\$ 5,156	\$ 4,713
Income tax on unappropriated earnings (5%)	-	3,999
Tax-exempt income	(242)	(459)
Unrecognized deductible temporary differences	2,470	62
Adjustments for prior years' tax	<u>643</u>	<u>(1,330)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,027</u>	<u>\$ 6,985</u>

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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Allowance for write-down of inventories	\$ 1,785	\$ (334)	\$ -	\$ 1,451
Unrealized exchange losses	1,720	(183)	-	1,537
Defined benefit plans	1,473	(129)	-	1,344
Remeasurement of defined benefit plans	95	-	(131)	(36)
Unrealized gross profit	<u>313</u>	<u>(188)</u>	<u>-</u>	<u>125</u>
	<u>\$ 5,386</u>	<u>\$ (834)</u>	<u>\$ (131)</u>	<u>\$ 4,421</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Provisions of land value increment tax	\$ 48,265	\$ -	\$ -	\$ 48,265
Income tax on unappropriated earnings of subsidiaries	<u>1,307</u>	<u>(1,307)</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,572</u>	<u>\$ (1,307)</u>	<u>\$ -</u>	<u>\$ 48,265</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
Temporary differences				
Defined benefit plans	\$ 1,611	\$ (138)	\$ -	\$ 1,473
Remeasurement of defined benefit plans	645	-	(550)	95
Allowance for write-down of inventories	1,605	180	-	1,785
Unrealized exchange losses	1,251	469	-	1,720
Unrealized gross profit	<u>31</u>	<u>282</u>	<u>-</u>	<u>313</u>
	<u>\$ 5,143</u>	<u>\$ 793</u>	<u>\$ (550)</u>	<u>\$ 5,386</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Closing Balance
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>

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

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 0.21</u>	<u>\$ 0.19</u>
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.19</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

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share and diluted earnings per share	<u>\$ 17,755</u>	<u>\$ 16,580</u>

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

	For the Year Ended December 31	
	2023	2022
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>23</u>	<u>61</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>85,304</u>	<u>85,342</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company 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, 2023 and 2022, the Company entered into the following non-cash investing activities which were not reflected in the statement of cash flows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Increase in property, plant and equipment	\$ (22,864)	\$ (13,945)
Decrease in payables for purchases of equipment	<u>(5,306)</u>	<u>(1,509)</u>
Net cash used in acquisition of property, plant and equipment	<u>\$ (28,170)</u>	<u>\$ (15,454)</u>

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt and equity of the Company (comprising issued capital, capital surplus, retained earnings and other equity).

The Company 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, 2023

	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	\$ -	\$ -	\$ 558,410	\$ 558,410
Cash and cash equivalents, notes				
receivable, trade receivables and				
other receivables	-	-	610,400	610,400
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Trade payables and other payables	-	-	42,366	42,366

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	\$ -	\$ -	\$ 260,026	\$ 260,026
Cash and cash equivalents, notes receivable, trade receivables and other receivables	-	-	1,066,818	1,066,818
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Short-term borrowings	-	-	15,829	15,829
Trade payables and other payables	-	-	34,183	34,183

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments at FVTPL				
Domestic funds	<u>\$ 194,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,366</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,637</u>	<u>\$ 82,637</u>

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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,179</u>	<u>\$ 65,179</u>

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	Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments	
	2023	2022
Balance at January 1	\$ 65,179	\$ 87,390
Recognized in other comprehensive income	<u>17,458</u>	<u>(22,211)</u>
Balance at December 31	<u>\$ 82,637</u>	<u>\$ 65,179</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 Company 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:

	For the Year Ended December 31	
	2023	2022
Decrease in the fair value	\$ 1,032	\$ 813

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 194,366	\$ -
Financial assets at amortized cost (Note 1)	1,168,810	1,326,844
Financial assets at FVTOCI		
Investment in equity instruments	82,637	65,179
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	42,556	50,237

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 Company's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings and lease liabilities. The Company'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 Company 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 Company does not enter into or trade financial instruments for speculative purposes.

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Company'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 Company was mainly exposed to the U.S. dollar ("USD").

The following table details the Company'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.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 4,775	\$ 9,472

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 Company's financial assets with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 1,098,125	\$ 1,232,759

The Company is also exposed to cash flow interest rate risk in relation to variable-rate bank demand deposits, time deposits and short-term borrowings. The Company'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 Company'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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$2,745 thousand and \$3,082 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in financial assets at FVTOCI. The Company 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, 2023 and 2022 would have increased/decreased as follows:

	For the Year Ended December 31	
	2023	2022
Increase/decrease	<u>\$ 1,944</u>	<u>\$ -</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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company 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 Company 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 Company 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 Company 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 Company believes that the credit risk of the Company has been significantly reduced.

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

The Company 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 A, B and E, the major customers of the Company, the Company does not have significant credit risk against any single counterparty or any group of counterparties with similar characteristics. When counterparties are related enterprises, the Company defines them as counterparties with similar characteristics.

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

Customer	For the Year Ended December 31	
	2023	2022
A	32%	15%
B	28%	40%
E	14%	14%

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

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company had available unutilized overdraft and short-term bank loan facilities as set out below:

	<u>December 31</u>	
	2023	2022
Unutilized overdraft	\$ 241,988	\$ 231,780

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

The following table details the Company'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 Company can be required to pay.

December 31, 2023

	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	\$ 29,125	\$ 5,017	\$ 6,326	\$ 1,898	\$ -
Lease liabilities	<u>4</u>	<u>8</u>	<u>31</u>	<u>147</u>	<u>-</u>
	<u>\$ 29,129</u>	<u>\$ 5,025</u>	<u>\$ 6,357</u>	<u>\$ 2,045</u>	<u>\$ -</u>

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	\$ 18,735	\$ 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>\$ 34,564</u>	<u>\$ 1,148</u>	<u>\$ 14,337</u>	<u>\$ 188</u>	<u>\$ -</u>

26. TRANSACTIONS WITH RELATED PARTIES

Related Party Name and Relationship

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Xiamen Universal Incorporation	Sub-subsidiary

Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 3,959	\$ 3,529
Post-employment benefits	<u>70</u>	<u>70</u>
	<u>\$ 4,029</u>	<u>\$ 3,599</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>2023</u>	<u>2022</u>
Freehold land	\$ 89,550	\$ 89,550
Buildings	<u>91,152</u>	<u>94,773</u>
	<u>\$ 180,702</u>	<u>\$ 184,323</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unused letters of credit	<u>\$ 8,012</u>	<u>\$ 2,391</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 Company 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:

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 15,698	30.705 (USD:NTD)	\$ 482,007
EUR	1	33.98 (EUR:NTD)	34
RMB	142	4.327 (RMB:NTD)	614
JPY	70	0.2172 (JPY:NTD)	15
KRW	328	0.02391 (KRW:NTD)	<u>8</u>
			<u>\$ 482,678</u>

Foreign currency denominated liabilities

Monetary items			
USD	145	30.705 (USD:NTD)	<u>\$ 4,452</u>

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 30,842	30.71 (USD:NTD)	\$ 947,158
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>\$ 947,842</u>

For the years ended December 31, 2023 and 2022, unrealized net foreign exchange losses were \$7,686 thousand and \$8,601 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 Company.

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees

- 1) Financing provided. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held. (Table 1)

- 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)
- b. Information on investees (Table 2)
- 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 3)
 - 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. (None)
 - 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 4)

UNIVERSAL INCORPORATION

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Universal Incorporation	<u>Domestic funds</u>							
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	2,885,316	\$ 40,229	-	\$ 40,229	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	9,910,320	154,137	-	154,137	Note 1
	<u>Ordinary Shares</u>							
	Universal Investment Incorporation	The holding company of the Company	Financial assets at FVTOCI - non-current	1,686,623	43,156	3.09	43,156	Note 2
	Everspring Enterprises Inc.	Substantial related party	Financial assets at FVTOCI - non-current	872,813	39,366	11.30	39,366	Note 2
Fu Hua Venture Capital Inc.	-	Financial assets at FVTOCI - non-current	7,499	115	2.50	115	Notes 2 and 4	

Note 1: The balance sheet date was calculated based on the net value of the fund.

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

Note 4: 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 has recognized the relevant profits and losses on February 1, 2024 after receiving its share from the distribution of property.

UNIVERSAL INCORPORATION

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Number of Shares	(%)	Carrying Amount			
Universal Incorporation	Hong Kong Everbig Int'l Investment Ltd.	ROOM 1912, C C WU BUILDING, 302 HENNESSY ROAD, WANCHAI, HONG KONG	Investment holding	\$ 341,721	\$ 341,721	89,246,160	79.01	\$ 347,249	\$ (23,897)	\$ (18,881)	
Hong Kong Everbig Int'l Investment Ltd.	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	439,462	(23,897)	(23,897)	

Note 1: The amounts were calculated based on the most recent audited financial statements (for the year ended December 31, 2023).

Note 2: For information on investee companies in mainland China, please refer to Table 3.

UNIVERSAL INCORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Current Net Income (Loss)	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Xiamen Universal Incorporation	Production and marketing of nonwovens and their processed products	\$ 454,711 (US\$ 15,000,000)	Note 1	\$ 341,721 (US\$ 10,996,530)	\$ -	\$ -	\$ 341,721 (US\$ 10,996,530)	\$ (23,897)	79.01	\$ (18,881)	\$ 347,249	\$ -

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$341,721 (US\$10,996,530)	\$341,721 (US\$10,996,530)	\$1,660,536

Note 1: The company is held through investment in another company in a third region (Hong Kong Everbig Int'l Investment Ltd.).

Note 2: Calculated based on the most recent financial statements (for the year ended December 31, 2023) 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.

TABLE 4**UNIVERSAL INCORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Universal Investment Incorporation	24,679,800	28.93
Fu Lin Business Development Foundation	5,537,596	6.49
MEI-HUI HUANG	4,520,176	5.30

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 financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.