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information related to the Annual Report:

www.universal-tex.com



Universal Textile Co., Ltd.

2023

Annual Report

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 version and the Chinese version, the Chinese version shall prevail.

Printed on 30 April 2024

- I. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman:

Name: YANG, JEN-KAI

Title: President

Acting Spokesperson

Name: LIN, YU-CHIN

Title: Finance senior manager

Phone: (02)2552-3977

E-mail: lyc@universal-tex.com

- II. Address and phone number of headquarters, branch offices and factories:

Name	Address	Phone
Taiper Office Headquarter	7 F., No. 62-5, Xining N. Rd., Datong Dist., Taipei City	(02)2552-3977
Luzhu Factory	No. 417, Dazhu N. Rd., Hongzhu Village, Luzhu Dist., Taoyuan City	(03)323-2393
Changbin Factory	No. 6, Gongye W. 6th Rd., Changhua Coastal Park, Lukang Township, Changhua County	(04)781-0150

- III. Name, address, website and phone number of the stock transfer agent

Name: Stock agency department, Capital Securities Corporation

Address: B1F.-2, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10601

Address: www.capital.com.tw Phone: (02)2702-3999

- IV. The names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong:

Name: Huang, Ching-Ya and Liu, Jung-Chin

Accounting firm: Ernst & Young Taiwan

Address: No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City 407612

Website: http://www.ey.com/tw Phone: (04)2259-8999

- V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

- VI. Corporate website: www.universal-tex.com

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Chapter I. A Letter to Shareholders

I. The 2023 Business Results

(I) Result of Implementation of Business Plan:

The Company's total revenue for 2023 was NT\$1,381,718 thousand, which represents a 8.57% decrease from NT\$1,511,208 thousand in 2022. The net profit after taxes for the year was NT\$1,008,381 thousand, with earnings per share of NT\$7.72, compared to a net loss of NT\$10,988 thousand, with earnings per share of NT\$0.08 in 2022. This represents a significant growth of 90.8 times.

The Company's gross profit margin for 2023 was 13%, compared to 8% in 2022. The operating profit margin for 2023 was -6%, while it was -2% in 2022. Our net profit margin after taxes for 2023 was 73%, which represents an increase of 72 percentage points from the net profit margin of 1% in 2022.

(II) Budget Implementation:

According to the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to provide financial forecast information for 2023, therefore there is no budget implementation analysis data for 2023.

(III) Analysis of Receipts, Expenditures and Profitability:

1. Analysis of financial structure:

Equity Ratio = 86.77% Debt Ratio = 13.23%

2. Analysis of solvency:

Current Ratio = 630.04% Quick Ratio = 520.75%

3. Analysis of profitability:

Return on Assets = 38.57% Return On Equity = 46.61%

Net Profit Margin = 72.98% Earnings Per Share = NT\$7.72

(IV) Research and Development Work:

Our company has allocated approximately NT\$18,360 thousand for research and development expenses in 2023. The Company is committed to continuously improving the added value of our polyester fiber products by leveraging the strengths of the domestic upstream, midstream, and downstream industries. From false twist processing, fabric design and weaving, dyeing and finishing, to finished product verification, the company maintains a complete development process. By developing different specifications of fibers and making special fabrics, they can be

used in corresponding textile products such as shirts, windproof jackets, fashion pants, etc. This approach creates a single material for textile products, which can be recycled and reused, meeting customer needs while maintaining stable profitability in operations. II. Summary of the Business Plan for 2024

II. Summary of the Business Plan for 2024

(I) Operation Policies:

1. By integrating the product planning, false twisting, and textile departments' R&D design capabilities, the company aims to accelerate the development of high-value-added products. Also, the company has actively participated in emerging countries and Europe and America exhibitions to explore new business opportunities, expand into new areas, and strategically position ourselves to attract new customers.
2. By restructuring the benefits of existing products, the company aims to generate new value for the current customers and deepen the relationships with valuable and substantial brand customers to pursue long-term and stable orders. The company will enter new customer supply chains through the development of epidemic prevention products, environmental protection products, and industrial fabrics. The company will also use digital marketing through online platforms to directly connect with brand buyers and actively develop new customer sources through e-commerce operations.
3. By introducing AI and intelligent sensing devices, the company aims to enhance production efficiency and shorten R&D lead times, closely aligning with market demands and the development of advanced technologies in Europe, America, and Japan. The company will adopt a customer-centric approach to capacity planning, develop a comprehensive product R&D roadmap, and improve product yields.
4. The company will continue to implement energy-saving and carbon-reduction measures, prioritize occupational safety and environmental protection, meet environmental standards, and embrace the ESG spirit of the “circular economy” model in the factory production processes.

(II) Sales Volume Forecast and the Basis Thereof:

Based on factors such as production capacity, sales regions, and economic cycles, the company has forecasted sales volumes of 21.6 million yards of staple fiber and 18,600 metric tons of filament yarn for 2024.

(III) Important Production and Sales Policies:

1. Increasing the utilization rate of the false-twist machines and weaving machines and fully utilizing the functionality and production capacity.
2. By combining the manpower and resources of the business, factory, and R&D teams, and closely collaborating with downstream processing partners, the company aims to identify the optimal product combinations and future niche product lines, in order to enhance our product value-add and increase revenue and profitability.
3. Using the “deepening or integration of the supply chain and value chain” to upgrade and transform the industry, in order to achieve early market segmentation, changes in competitive strategies, industry upgrading and adjustments, and to penetrate the supply chains of overseas physical and online shopping markets.

III. The Company's Future Development Strategy, and the Effect of External Competition, the Legal Environment, and the Overall Business Environment

(I) Future Development Strategy:

1. Under international net zero carbon requirements, carbon emission costs are reduced through enhanced manufacturing efficiency and predictability, while new technology adoption facilitates emission reduction and capacity moves towards zero emissions.
2. Promoting product quality and diversity of fabrics, as well as functionality, continuously improving the proportion of brand customer orders to the overall revenue, deeply cultivating the ready-to-wear market, attracting new customers, and increasing profit margins.
3. Strengthening the R&D collaboration between the filament twisting division and the textile division, developing innovative processed silk products, changing the sales strategy that was previously mainly quantity-oriented, expanding niche markets and customers with market-creation potential to increase profit margins.
4. Strengthening the implementation of ISO 9001, ISO 14064, and ISO 50001 mechanisms, requiring all employees to execute product and work quality effectively, demanding energy conservation and carbon reduction in production processes, reducing and recycling air and water pollution as well as waste to fulfill corporate social responsibility and take care of the responsibility to protect the environment and the earth.

(II)The Effect of External Competition, the Legal Environment, and the Overall Business Environment:

The operating environment of Taiwan's textile industry faces unfavorable factors such as inflation, slowing macroeconomic growth, tense political and economic situations, frequent extreme weather conditions, which will affect textile manufacturers' access to raw materials and product sales.

The long-term downward adjustment of global crude oil prices will cause synthetic fiber products to experience more significant price declines than natural fiber products. Specifically, cotton is affected by the impact of climate change, which makes its supply unstable, and therefore, it will support a relatively mild downward trend in cotton textile product quotes. The pressure on product prices to decline will be greater than the decline in production costs.

In light of the ongoing US-China trade war, the exodus of investment triggered by China's control policies, the speed of supply chain restructuring has increased. The European Union's "Carbon Border Adjustment Mechanism (CBAM)", the US "Clean Competition Act (CCA)", the country's National Development Council's announcement of the "2050 Net Zero Transition", the ESG report regulated by the Financial Supervisory Commission, and the environmental demands of brands such as Nike and Adidas, all have intensified the pressure on the environmental transformation of the textile industry.

To respond to external competition and challenges in the business environment, the company will continue to research and develop new product lines, differentiate products and market segmentation, increase product-added value, strengthen collaboration with international brands, and expand online marketing channels to maintain competitiveness in the international market.

To repay the shareholders who have always supported our company, the management team will continue to work tirelessly to create products that meet and lead market trends, and move towards a high-value-added strategy, in order to provide higher returns to all shareholders.

Sincerely wishing

Good health and all the best to all shareholders

Chairman: CHEN, YAO-MING



Manager: YANG, JEN-KAI



Accounting Supervisor: LIN, YU-CHIN



Chapter II. Company Profile

I. Date of incorporation

The company was established on 12 September 1969.

II. Company History

The company was initially established at No. 92, Section 1, Dihua Street, Taipei City. The factory is located at No. 42, Xingbang Rd., Taoyuan Dist., Taoyuan City, covering an area of 3,297 ping and was facilitated with 60 Switzerland Rudy Company automatic weft knitting machines and have a registered capital of NT\$20 million, with a paid-in capital of NT\$10 million.

- 1973 ● Moved to current location on 7F., No. 62-5, Xining N. Rd., Datong Dist., Taipei City (self-procurement)
- 1978 ● As of March, the number of fabric machines in our Taoyuan factory has reached 176.
- 1978 ● Purchased a factory in Luzhu, Taoyuan, in November, covering an area of 6,248 ping, and actively expanded the plant and introduced new water-jet loom
- 1990 ● On 21 February, the public offering of shares was approved by Financial Supervisory Commission R.O.C. (Taiwan).
● The Company increased cash capital of NT\$82,280 thousand and capitalization from retained earnings of NT\$85,720 thousand, and the paid-in capital was NT\$336,000 thousand.
- 1991 ● On 5 February, the Company approved by the Financial Supervisory Commission for stock listing.
● The Company increased cash capital of NT\$76,800 thousand and capitalization from retained earnings of NT\$67,200 thousand, and the paid-in capital was NT\$480,000 thousand.
● In December, Taoyuan Factory replaced the old machines and introduced 36 rapier weaving machine.
- 1992 ● The Company increased cash capital of NT\$84,000 thousand , capitalization from retained earnings of NT\$48,000 thousand, and capitalization from additional paid-in capital of NT\$48,000 thousand. The paid-in capital was NT\$660,000 thousand.
- 1993 ● Capitalization from retained earnings was NT\$66,000 thousand, capitalization from capital reserve was NT\$66,000 thousand, and paid-in capital was NT\$792,000 thousand.
- 1994 ● Capitalization from retained earnings was NT\$79,200 thousand, capitalization from capital reserve was NT\$79,200 thousand, and the paid-in capital was NT\$950,400 thousand.
- 1995 ● Capitalization from retained earnings was NT\$190,080 thousand and the paid-in capital was NT\$1,140,480 thousand.
- 1996 ● Capitalization from retained earnings was NT\$68,429 thousand, capitalization from additional paid-in capital was NT\$114,048 thousand, and the paid-in capital was NT\$1,322,957 thousand.

- Luzhu Factory replaced 144 old water-jet loom with 108 air jet weaving machine.
- 1997 ● The Company expanded business and invested in UNIVERSAL HOLDING INTERNATIONAL LTD, holding 100% equity shares.
- Capitalization from retained earnings was NT\$132,296 thousand and the paid-in capital was NT\$1,455,253 thousand.
- 1998 ● The Company built a processed silk factory in Changhua Coastal Park at No. 6, Gongye W. 6th Rd., Lukang Township, Changhua County.
- Capitalization from retained earnings was NT\$238,192 thousand and the paid-in capital was NT\$1,693,445 thousand.
- 1999 ● In March, the construction of Changbin Factory was completed, and 16 false twist machines were put into the production of processed silk.
- Capitalization from retained earnings was NT\$254,017 thousand, employee bonus was converted into capital of NT\$4,708 thousand, and the paid-in capital was NT\$ 1,952,170 thousand.
- 2000 ● Taoyuan Factory replaced the old ones with 72 air jet weaving machine.
- 2001 ● The Company implemented the first cancellation of 8,775 thousand treasury shares, with a paid-in capital of NT\$1,864,420 thousand.
- The Company implemented the second cancellation of 8,441 thousand treasury shares, with a paid-in capital of NT\$1,780,010 thousand.
- The shareholders' meeting revised Article 17 of the company's articles, and the number of supervisors was revised to two people.
- 2002 ● The Company implemented the third cancellation of 7,000 thousand treasury shares, with a paid-in capital of NT\$1,710,010 thousand.
- 2003 ● Capitalization from capital reserve was NT\$85,500 thousand, with a paid-in capital of NT\$1,795,510 thousand.
- 2007 ● A short-form merger between the Company and the wholly-owned subsidiary, CHUNG YU INVESTMENT CO., LTD, and it canceled 16.8 million shares as well as reducing capital. The paid-in capital after the capital reduction was NT\$1,627,510 thousand.
- 2008 ● The Company implemented the fourth cancellation of 5,000 thousand treasury shares, with a paid-in capital of NT\$1,577,510 thousand.
- The Company implemented the fifth cancellation of 10,000 thousand treasury shares, with a paid-in capital of NT\$1,477,510 thousand.

- 2009 ● The Company implemented the sixth cancellation of 6,000 thousand treasury shares, with a paid-in capital of NT\$1,417,510 thousand.
- 2010 ● Luzhu Factory replaced the old machines with 72 water-jet loom.
- The Company implemented the seventh cancellation of 3,084 thousand treasury shares, with a paid-in capital of NT\$1,386,670 thousand.
- 2011 ● In October, Changbin Factory purchased four additional false twist texturing machine. A total amount of 20 false twist texturing machine were put into production.
- 2012 ● The Company signed a joint-construction-shared land development contract with Taiwan Taffeta Fabric Co., Ltd. to build and sell houses together—the case of DF CHATEAU.
- 2014 ● Changbin Factory passed ISO50001 Energy Management System Certification.
- The Company was awarded grade "A" in Information Disclosure Assessment.
- 2015 ● Luzhu Factory passed ISO9001 Quality Management System Certification and TTQS Certification.
- The Company activated the use of funds to establish CHANG FU INVESTMENT CO., LTD., holding 100% equity shares.
- 2016 ● Changbin Factory passed ISO14064 Greenhouse Gas Management Certification
- Changbin Factory purchased 2 additional false twist texturing machines, and, in total, 22 false twist texturing machines were put into production.
- Luzhu Factory purchased an additional automatic winding machine.
- 2018 ● The processed silk of Changbin Factory passed GRS Global Recycling Standard Certification
- Luzhu Factory purchased an additional beaming machine
- 2019 ● The Company implemented the eighth cancellation of 6,000 thousand treasury shares, with a paid-in capital of NT\$1,326,670 thousand.
- 2020 ● The Company implemented the ninth cancellation of 2,001 thousand treasury shares, with a paid-in capital of NT\$1,306,660 thousand.
- 2021 ● Luzhu Factory purchased 5 additional twister and 2 pirn winder.
- In December 2021, five individuals, including DAR YU ASSET MANAGEMENT CO., LTD. publicly acquired 55,000,000 ordinary shares of the Company, holding 42.09% of the Company's equity shares.
- 2022 ● In February 2022, Mr. CHEN, YAO-MING has been appointed as the chairman of the Board of Directors.

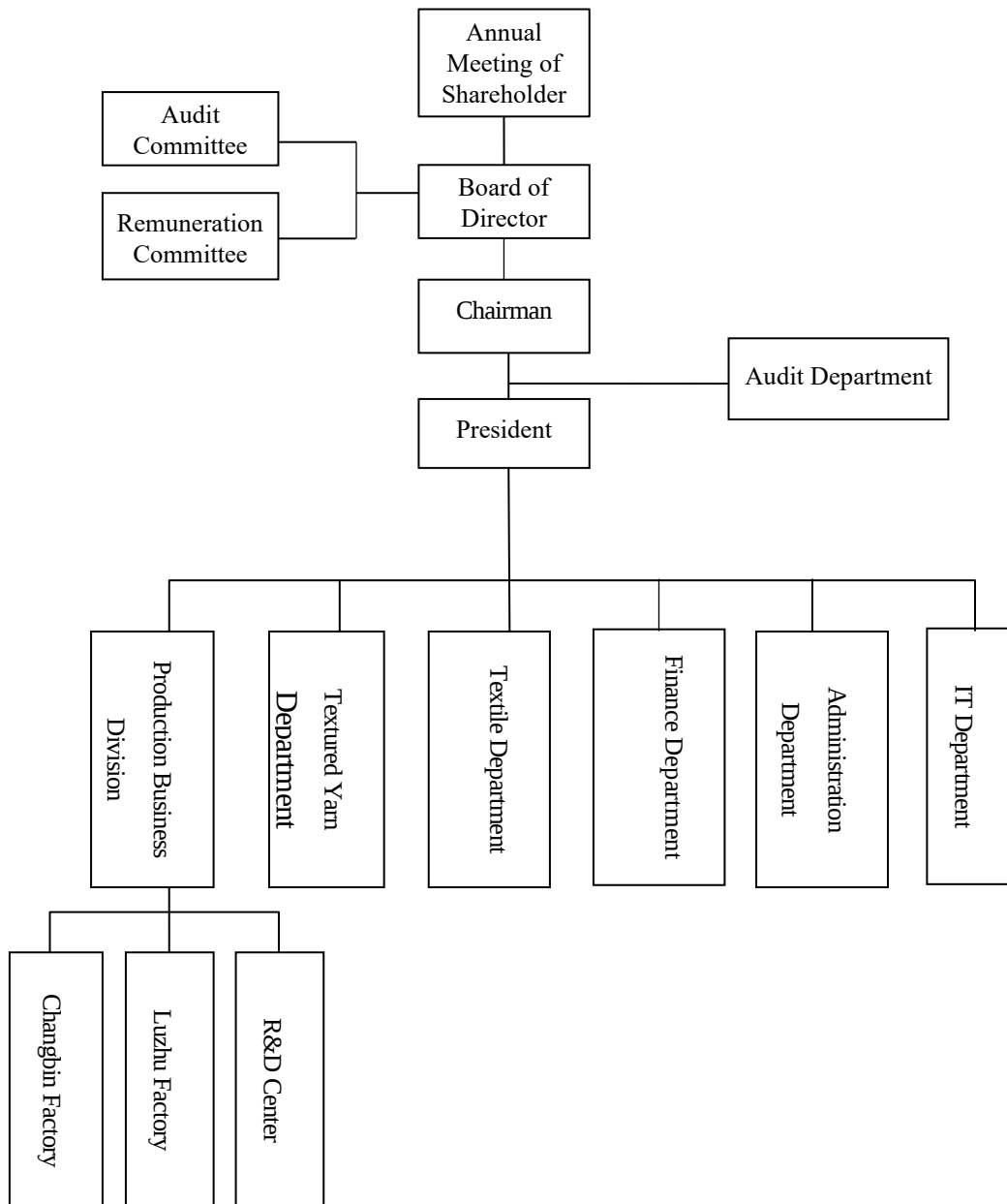
- The Company established HUNG YU TECHNOLOGY CO., LTD. for diversified management and held 100% of equity.
- Disposition of the real estate in Taoyuan Factory.

2023

Chapter III. Corporate Governance Report

I. Organizational system:

(I) Organizational Chart of the Company



(II) Functions and duties of major departments

Department	Functions and Duties	
Audit Department	Responsible for reviewing deficiencies in the internal control system and assessing the effectiveness and efficiency of operations, including determining the adequacy and effectiveness of internal control systems, identifying deviations from targets, identifying behaviors that may result in losses, providing appropriate reports and recommendations, and tracking improvement measures to ensure the continuous and effective implementation of internal control systems.	
Production Division	R&D Center	Responsible for the development and research of new products, as well as the improvement of quality, production capacity, and technological advancements.
	Luzhu Factory	Responsible for the formulation of production plans for polyester fiber fabrics, production management, quality assurance activities, product inspection, packaging, and shipping.
	Changbin Factory	Responsible for the formulation of production plans for polyester filament yarn, production management, quality assurance activities, product inspection, packaging, and shipping.
Textured Yarn Department	1. Order acceptance and review, and through customer visits and negotiations, to understand customer needs and solicit orders. 2. Tracking and confirmation of product shipments, regular implementation of customer satisfaction surveys and reporting. 3. Market and customer demand surveys, product feasibility assessments, and establishment of product pricing information.	
Textile Department		
Financial Department	1. Management of accounting, taxation, budget preparation, and fund allocation. 2. Handling the calculation, planning, control, and preparation of company costs and expenses, as well as accounting statement submission. 3. Evaluation and implementation of investment plans, operational supervision, and analysis of business performance with recommendations.	
Administration	1. Handling corporate governance, board of directors and functional	

Department	committee matters, investor relations, serving shareholders, and organizing shareholder meetings. 2. Coordinating the purchasing operations of company raw materials, equipment, engineering, and goods, as well as managing supplier sourcing, comparison, evaluation, and assessment. 3. Responsible for human resources, welfare, and education and training matters.
IT Department	Establishment and maintenance of company information systems to ensure smooth computerized operations. Additionally, responsible for overseeing company information strategy planning, execution, and management, optimizing information system architecture and management efficiency. Moreover, appointing dedicated personnel for information security, coordinating network/system security management, system reinforcement and configuration management, and data center/physical security management to implement information security management.

II. Information on the company's directors, president, vice president, deputy assistant general managers, and the chiefs of all the company's departments and branch units, as follows:

1. Information of directors (1):

11 30 April 2024

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note2)	Date on which current position was assumed	Term of contract	The commencement date of the first term (Note 3)	Shares held at the commencement date of term		Shares held		Shares held by the spouses, children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related within the second degree of kinship to other managers, the directors or supervisors			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C	CHEN,YAO-MING	Male 51-60	30 May 2023	36 months	18 February 2022	100,000	0.08	100,000	0.08	0	0	0	0	Chairman, Mega Master Technology Co., Ltd.	Chairman, Chien Ying Company Ltd.	—	—	—	
Director	R.O.C	YANG,JEN-KAI	Male 41-50	30 May 2023	36 months	18 February 2022	60,000	0.05	65,000	0.05	86,000	0.07	0	0	President, Chain Yarn Co., Ltd.	President, Universal Textile Co., Ltd.	—	—	—	
Director	R.O.C	YEH,CHIA-HONG	Male 61-70	30 May 2023	36 months	30 May 2001	2,477,493	1.90	2,477,493	1.90	0	0	0	0	President, San Yeh Furniture Co., Ltd.	Chairman, San Yeh Furniture Co., Ltd.	—	—	—	
Director	R.O.C	YAO,PIN-NAN	Male 61-70	30 May 2023	36 months	23 May 1984	976,464	0.75	976,464	0.75	0	0	0	0	President, Universal Textile Co., Ltd.	None	—	—	—	
Director	R.O.C	LEE,LI-HSEN	Male 61-70	30 May 2023	36 months	18 February 2022	239,000	0.18	239,000	0.18	0	0	0	0	Chairman, Zong Sine Industries Inc.	Chairman, Zong Sine Industries Inc.	—	—	—	
Legal Entity as Director	R.O.C	Everwin Capital Limited	N/A	30 May 2023	36 months	18 February 2022	10,000,000	7.65	10,000,000	7.65	0	0	0	0	N/A	None	—	—	—	
Legal Representative	R.O.C	Representative of Everwin Capital Limited :TSENG,CHI NG-HUA	Male 61-70	30 May 2023	36 months	18 February 2022	0	0	0	0	0	0	0	0	President, Qi Guang Development Co., Ltd.	Chairman, ZONGYI INVESTMENT CO., LTD.				
Legal Entity as Director	R.O.C	Liang Haw Technology Co., Ltd.	N/A	30 May 2023	36 months	18 February 2022	15,000,000	11.48	15,000,000	11.48	0	0	0	0	N/A	None	—	—	—	
Legal Representative	R.O.C	Representative of Liang Haw Technology Co., Ltd.: YU,CHUN- PING	Male 41-50	30 May 2023	36 months	18 February 2022	0	0	0	0	0	0	0	0	President, Liang-Woei Fibre Co., Ltd.	Director, Liang-Woei Fibre Co., Ltd.	—	—	—	
Legal Entity as Director	R.O.C	Shine Lee Investment Co.,Ltd	N/A	30 May 2023	36 months	18 February 2022	7,500,000	5.74	7,500,000	5.74	0	0	0	0	N/A	None	—	—	—	
Legal Representative	R.O.C	Representative of Shine Lee Investment Co.,Ltd : LI,HSIN LIN	Female 31-40	30 May 2023	36 months	18 February 2022	0	0	0	0	0	0	0	0	Manager, Deloitte Financial Advisory Company	Chairman, Shine Lee Investment Co.,Ltd	—	—	—	
Independent Director	R.O.C	CHIU,CHIH-WEI	Male 41-50	30 May 2023	36 months	30 May 2023	0	0	0	0	0	0	0	0	Professor, National Taiwan University of Scince and Technology Department of Materials Scince and Engineering	Audit Committee and Remuneration Committee members of Universal Textile Co., Ltd.	—	—	—	
Independent Director	Japan	NAKANISHI RYOICHI	Male 71-80	30 May 2023	36 months	30 May 2023	0	0	0	0	0	0	0	0	Chairman, 3D PARTNERSHIP CO., LTD.	Presidemt, 3D PARTNERSHIP CO., LTD.	—	—	—	
Independent Director	R.O.C	YEH,YI CHANG	Male 51-60	30 May 2023	36 months	15 June 2020	0	0	0	0	0	0	0	0	Secretary-General, TSFA	Secretary General, TSFA	—	—	—	

Note1: For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the name of the corporation and the name of the representative separately (if the representative is also a corporate shareholder, the name of the corporation should be indicated), and should fill in table 1.

Note2: Specify the actual age, or it can be expressed in the form of age intervals, such as 41-50 or 51-60 years old.

Note3: Specify the date of assuming office as Director for the first time, explain if there is any interruption in the term of office.

Note4: Experience relevant with the current position. If employed by the CPA office retained for performing auditing services and certification of its affiliates in the aforementioned period, specify the occupational title and the function performed.

Note5: If the Chairman also hold the position as President or position of relevant function (e.g., the top manager), or these positions were held by spouse or next of kin, explain and justify the necessity and responses (e.g.: additional seats for Independent Directors were reserved, and less than half of the Directors also hold positions as employees or managers).

Table 1: Dominant shareholders of institutional shareholders

30 April 2024

Name of institutional shareholder (Note 1)	Dominant shareholders of institutional shareholders (Note 2)
EVERWIN CAPITAL LIMITED	CHEN, JIA JU 50%, XIONG, ZI WEN 49% and RUAN, YU JUAN 1%
LIANG HAW TECHNOLOGY CO., LTD.	ZHOU, FANG RU 27.38%, YOU, LI CHUN 23.65%, Castle Universal Inc. 21.74%, LIANG-WOEI FIBRE CO., LTD. 11.99%, YOU, CHUN YONG 5.08% and YU,CHUN-PING 4.84%
SHINE LEE INVESTMENT CO,LTD	LI, HSIN LIN 40% and LI, CHENG YU 60%

Note1: If the Director is the representative of an institutional shareholder, put down the name of the institution.

Note2: Put the names of the dominant shareholders of this institutional shareholder (Top 10 by shareholding) and proportion of shareholding. If the dominant shareholders are institutional shareholders, fill in Table 2 below.

Note3: If the institutional shareholder is not a body corporate, the name of the institutional shareholder and proportion of shareholder for disclosure as mentioned shall be the name of the benefactor or donor, and the proportion of funding or donation.(one can refer to the announcement of the Judicial Yuan to inquire about the name and the ratio of capital contribution or donation, donors who have passed away, please annotate "deceased")

Table 2: If the dominant shareholders as exhibited in Table 1 are institutional shareholders, the dominant shareholders of these institutional shareholders.

30 April 2024

Name of institutional shareholder (Note 1)	Dominant shareholders of institutional shareholders (Note 2)
LIANG-WOEI FIBRE CO., LTD.	YU,CHUN-PING 25.62%, YOU, CHUN YONG 25.34%, ZHOU, FANG RU 22.27% and YOU, LI CHUN 8.14%
CASTLE UNIVERSAL INC.	BORCHERT HOLDINGS INC. 100%

Note1: If the dominant shareholder exhibited in Table 1 is an institutional shareholder, put down the name of the institution.

Note2: Put down the names of the dominant shareholders of this institutional shareholder (top 10 by shareholding) and the proportion of shareholding.

Note3: If the institutional shareholder is not a body corporate, the name of the institutional shareholder and proportion of shareholder for disclosure as mentioned shall be the name of the benefactor or donor, and the proportion of funding or donation (one can refer to the announcement of the Judicial Yuan to inquire about the name and the ratio of capital contribution or donation, donors who have passed away, please annotate "deceased")

2. Information of directors ii: Disclosure of the information on the professional designation and independence of the Directors:

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Chairman CHEN,YAO-MING	With more than five years of work experience required for corporate business, currently serving as the Chairman of Universal Textile Co., Ltd., the chairman of CHIEN YING COMPANY LTD. Nothing in connection with the paragraphs under Article 30 of the Company Act	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act. (5) The director, supervisor or employee of another company or institution is not the same person or spouse as the chairman, president or equivalent of the company.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Director YANG,JEN-KAI	With more than five years of work experience required for corporate business.Served as the President of Chain Yarn Co., Ltd., and currently serve as the President of Universal Textile Co., Ltd. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act (5) The director, supervisor or employee of another company or institution is not the same person or spouse as the chairman, president or equivalent of the company.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Director YEH,CHIA-HONG	With more than five years of work experience required for corporate business., and currently serve as the Chairman of San Yeh Furniture Co., Ltd. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) A director or supervisor of a legal person shareholder who does not directly hold 5% or more of the company's total issued shares, the top five shareholders, or a representative who has appointed a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law or employees. (3) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (4) The director, supervisor or employee of another company or institution is not the same person or spouse as the chairman, president or equivalent of the company. (5) There is no relationship between spouses or relatives within the second degree of kinship with other directors.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Director YAO,PIN-NAN	With more than five years of work experience required for corporate business. Served as the President of Universal Textile Co., Ltd. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) A director or supervisor of a legal person shareholder who does not directly hold 5% or more of the company's total issued shares, the top five shareholders, or a representative who has appointed a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law or employees. (3) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (4) The director, supervisor or employee of another company or institution is not the same person or spouse as the chairman, president or equivalent of the company. (5) There is no relationship between spouses or relatives within the second degree of kinship with other directors.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Director LEE,LI-HSEN	With more than five years of work experience required for corporate business. Currently serve as the Chairman of Zong Sine Industries Inc. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act. (5) The director, supervisor or employee of another company or institution that is not the same person or spouse as the chairman, President or equivalent of the company.	None
Legal Entity as Director Representative of Everwin Capital Limited: TSENG,CHING-HUA	With more than five years of work experience required for corporate business. Served as the President of Qi Guang Development Co., Ltd. , and currently serve as the Chairman of ZONGYI INVESTMENT CO., LTD. .Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act. (5) The director, supervisor or employee of another company or institution that is not the same person or spouse as the chairman, President or equivalent of the company.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Legal Entity as Director Representative of LIANG HAW TECHNOLOGY CO., LTD. : YU,CHUN-PING	With more than five years of work experience required for corporate business. Served as the marketing manager of UPS, the US Capital Corporation, and currently served as the President of LIANG-WOEI FIBRE CO., LTD. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act. (5) The director, supervisor or employee of another company or institution that is not the same person or spouse as the chairman, President or equivalent of the company.	None
Legal Entity as Director Representative of Shine Lee Investment Co,Ltd. : LI,HSIN LIN	With more than five years of work experience required for corporate business. Served as the Manager of Deloitte Financial Advisory Company, and currently served as the Chairman of Shine Lee Investment Co,Ltd. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (3) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (4) The government, institutions, or their representatives were elected as required by Article 27 of the Company Act. (5) The director, supervisor or employee of another company or institution is not the same person or spouse as the chairman, president or equivalent of the company .	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Independent Director CHIU, CHIH-WEI	With more than five years of work experience required for corporate business. Served as a professor at the National Taiwan University of Science and Technology. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliate. (2) Not a Director or Supervisor of the Company or its affiliate. (3) Non-personal shareholders who are not themselves and their spouses, minor children or a third party who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others. (4) Spouses, relatives within the second degree of kinship or lineal blood relatives within the third degree of kinship who are not the managers listed in (1) or the person listed in (2) and (3). (5) A director or supervisor of a legal person shareholder who does not directly hold 5% or more of the company's total issued shares, the top five shareholders, or a representative who has appointed a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law or employees.	None
Independent Director NAKANISHI RYOICHI	With more than five years of work experience required for corporate business. Served as Chairman and CEO at 3D PARTNERSHIP CO., LTD.. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(6) The directors, supervisors or employees of other companies are not the directors of the company or holding over half of the shares with voting rights are controlled by the same person. (7) A director (director), supervisor (supervisor) or employee of another company or institution that is not the same person or spouse as the chairman, President or equivalent of the Company.	None

Condition Name	Professional designation and work experience (Note1)	Status of independence (Note 2)	Number of public companies where the Independent Director also holds positions as Independent Director
Independent Director YEH, YI CHANG	With more than five years of work experience required for corporate business. Served as Secretary-General at the TSFA. Nothing in connection with the paragraphs under Article 30 of the Company Act.	(8) Not a director (council member), supervisor, manager or shareholder holding 5% or more shares of a specific company or institution that has financial or business dealings with the company. (9) Not providing audit services for the Company or affiliated companies, or not professionals, sole proprietorships, partnerships, institution and business owners, partners, directors, supervisors, or managers and their spouses who have received remuneration in the past two years for business, legal affairs, finance, accounting and other related services. (10) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (11) There was no such situation that the government, institutions, or their representatives were elected as required by Article 27 of the Company Act.	None

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If a member of the Audit Committee possesses accounting or financial expertise, their accounting or financial background and work experience should be detailed. Additionally, indicate whether there are any circumstances falling under Article 30 of the Company Act.

Note 2: Independent directors should disclose their independence status, including but not limited to whether they or their spouses, first-degree relatives, etc., serve as directors, supervisors, or employees of the company or its affiliated enterprises; the number and proportion of shares held by themselves, their spouses, first-degree relatives (or under their names); whether they serve as directors, supervisors, or employees of companies with specific relationships to the company (refer to Article 3, Items 5-8 of the Regulations Governing the Establishment of Independent Directors and Compliance Matters for Public Issuing Companies); and the remuneration received for providing business, legal, financial, accounting, etc., services to the company or its affiliated enterprises in the past two years.

Note 3: Please refer to the best practice reference examples on the Corporate Governance Center website of the TWSE for disclosure methods.

3. Diversity and independence of the Board :

(1) Diversity of the Board:

A. Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the board of directors should consider diversity. In addition to the recommendation that no more than one-third of the directors should concurrently serve as company executives, appropriate diversification policies should be formulated based on the company's own operations, operational patterns, and development needs. Board members should represent different genders, ages, and professional backgrounds. They should possess abilities in operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspectives, leadership, and decision-making to effectively supervise and encourage the company to operate lawfully, disclose important information in a timely manner, conduct business with integrity, maintain good communication channels and constructive interactions with the management team, guide the execution of company operations and the resolution of major decisions, and ensure the company's development and protect shareholder rights, thereby achieving the ideal goals of corporate governance.

B. In compliance with the diversification policy, the goal is to have at least one female board member (9%).

(2) The Company currently has a total of 11 seats on the board of director. The specific management objectives and achievement of its board composition diversity policy are as follows:

Management Objectives	Achievement
Directors who also serve as company managers should not exceed one-third of the number of directors.	Achieved
The term of independent directors has not exceeded three terms.	Achieved
At least one female board member.	Achieved

The implementation of the policy on diversity of board members is as follows:

Diversified core Name		Basic components							Professional background				Professional knowledge and skill					
		Nationality	Gender	Whether an employee of the company	Age			Annual capital amount in tenure of independent directors (less than three years)	Accounting	Industry	Finance	Technology	Judgement in operation	Corporate management	Leadership and decision-making	Crisis management	Industry knowledge	International view of market
					31-50	51-70	71-90											
Director	CHEN,YAO-MING	R.O.C.	M			V				V	V		V	V	V	V	V	V
	YANG,JEN-KAI		M	V	V					V	V	V	V	V	V	V	V	
	YEH,CHIA-HONG		M			V				V	V		V	V	V	V	V	
	YAO, PIN-NAN		M			V				V	V		V	V	V	V	V	
	LEE, LI-HSEN		M			V				V	V		V	V	V	V	V	
	Representative of Everwin Capital Limited: TSENG, CHING-HUA		M				V				V	V		V	V	V	V	V
	Representative of Liang Haw Technology Co., Ltd.: YU, CHUN-PING		M			V					V	V		V	V	V	V	V
	Representative of Shine Lee Investment Co, Ltd: LI, HSIN LIN		F			V				V		V		V	V	V		V
Independent Director	CHIU,CHIH-WEI	M			V		V		V		V			V	V	V	V	
	NAKANISHI RYOICHI	M				V		V	V		V		V	V	V		V	
	YEH, YI CHANG	M				V		V		V		V		V	V	V	V	

(3) Independence of the Board:

The Company currently has a total of 11 seats on the board of directors, of which 3 are independent directors. (Which account for 27.3% of all the seats of Directors) By the end of 2023, all independent directors have met the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors. The Company has reviewed the status of independence of the Independent Directors internally in accordance with Paragraphs 3 and 4 under Article 26-3 of the Securities and Exchange Act. Please refer to PP.15-22 of this annual report - Disclosure of Professional Qualifications of Directors and Independence of Independent Directors for the independence of the board of directors of our company. Please refer to PP.12 of this annual report-profile of the directors for the education background, gender, work experience of each director.

(II) Information on President, Vice President, Assistant General Manager, Managers of departments or division

30 April 2024

Title (Note1)	Nationality	Name	Gender	Date of office	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Shares held in the name of a third party		Work experience (educational background) (Note2)	Positions concurrently held with other companies	Those who are the spouses of or are related within the second degree of kinship to other managers			Remark (Note 3)
					Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding			Title	Name	Relationship	
President	R.O.C	YANG, JEN-KAI	M	1 March, 2022	65,000	0.05	86,000	0.07	0	0	Master's degree, Technology Management, Boston University; President, Co., Ltd.	None	-	-	-	
Assistant General Manager, General Management Office	R.O.C	CHEN, YAN XIAO	M	1 April 2023	10,000	0.01	7,000	0.01	0	0	Master's degree; CHAIN YARN CORPORATION	None	-	-	-	
Assistant General Manager, Business Department	R.O.C	CHEN, YI XIANG	M	1 April 2023	40,078	0.03	2,222	0	0	0	Bachelor's degree; Manager, Business Department, Universal Textile	None	-	-	-	
Manager, General Management Office (Chief Information Security Officer)	R.O.C	HU, FANG CHENG	M	14 March 2023	40,000	0.03	0	0	0	0	Master's degree; General Manager, IBM Cloud, South China	None	-	-	-	

Title (Note1)	Nationality	Name	Gender	Date of office	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Shares held in the name of a third party		Work experience (educational background) (Note2)	Positions concurrently held with other companies	Those who are the spouses of or are related within the second degree of kinship to other managers			Remark (Note 3)
					Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding			Title	Name	Relationship	
Manager, Taoyuan Factory and Luzhu Factory	R.O.C	SU, ZHANG MING	M	1 March 1998	5,305	0	0	0	0	0	Graduate, middle school; Deputy Factory Director of factory affairs, Universal Textile	None	-	-	-	
Manager, Changbin Factory	R.O.C	GUO, ZHI MING	M	1 April 2023	2,001	0	0	0	0	0	Master's degree; Deputy General Manager of factory affairs, Universal Textile	None	-	-	-	
Assistant General Manager, Finance Department	R.O.C	LIN, YU-CHIN	F	1 April 2023	4,103	0	0	0	0	0	Master's degree; Financial Deputy General Manager, Universal Textile	None	-	-	-	
Accounting Manager	R.O.C	LIN, HONG-SHEN	M	16 January 2024	0	0	0	0	0	0	Assistant Manager, Universal Textile	None	—	—	—	
Audit Manager	R.O.C	LU, KUAN-CHEN	F	16 January 2024	0	0	0	0	0	0	Deputy Section Chief, Universal Textile	None	—	—	—	

Note 1: The profiles of the President, Vice Presidents, Assistant General Manager, function heads and branch heads should be included. Positions equivalent to the President, Vice President, or Assistant General Manager should also be included regardless of the occupational title.

Note 2: Experience relevant with the current position. If employed by the CPA office retained for performing auditing services and certification of its affiliates in the aforementioned period, specify the occupational title and the function performed.

Note 3: If the Chairman also hold the position as President or position of relevant function (e.g., the top manager), or these positions were held by spouse or next of kin, explain and justify the necessity and responses (e.g., additional seats for Independent Directors were reserved, and less than half of the Directors also hold positions as employees or managers).

III. Remuneration to the Directors (including Independent Directors), President and Vice Presidents

(I) Remuneration to Directors and Independent Directors (Disclose the name of each individual and the corresponding remuneration amount)

Unit: in NT\$ thousands

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to net income (Note 10)		Related payment in performing the duties as employees								The sum of A, B, C, D, E, F and G in proportion to net income (Note 10)		Any payment from direct investee companies other than the subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension and severance payment (B)		Remuneration to Directors(C) (Note 3)		Professional allowances (D) (Note 4)				Salaries, bonus and special expense account (E) (Note 5)		Pension and severance payment(F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements (Note 7)	
																Amount of Cash	Amount of Shares	Amount of Cash	Amount of Shares			
Chairman	CHEN, YAO-MING	5,560	5,560	0	0	4,904	4,904	228	228	10,692 1.06	10,692 1.06	0	0	0	0	0	0	0	0	10,692 1.06	10,692 1.06	None
Director	YANG, JEN-KAI	240	240	0	0	4,904	4,904	48	48	5,192 0.52	5,192 0.52	5,440	5,440	0	0	0	0	0	0	10,632 1.05	10,632 1.05	None
Director	YEH, CHIA-HONG	240	240	0	0	2,943	2,943	48	48	3,231 0.32	3,231 0.32	0	0	0	0	0	0	0	0	3,231 0.32	3,231 0.32	None
Director	YAO, PIN-NAN	240	240	0	0	2,943	2,943	48	48	3,231 0.32	3,231 0.32	0	0	0	0	0	0	0	0	3,231 0.32	3,231 0.32	None
Director	LEE, LI-HSEN	240	240	0	0	2,943	2,943	40	40	3,223 0.32	3,223 0.32	0	0	0	0	0	0	0	0	3,223 0.32	3,223 0.32	None
Director	Representative, LIANG HAW TECHNOLOGY CO., LTD.: YU, CHUN-PING	240	240	0	0	2,943	2,943	48	48	3,223 0.32	3,223 0.32	0	0	0	0	0	0	0	0	3,223 0.32	3,223 0.32	None
Director	Representative, EVERWIN CAPITAL LIMITED: TSENG, CHING-HUA	240	240	0	0	2,943	2,943	40	40	3,223 0.32	3,223 0.32	0	0	0	0	0	0	0	0	3,223 0.32	3,223 0.32	None
Director	Representative, SHINE LEE INVESTMENT CO, LTD: LIHSIN LIN	240	240	0	0	2,943	2,943	48	48	3,231 0.32	3,231 0.32	0	0	0	0	0	0	0	0	3,231 0.32	3,231 0.32	None
Independent Director	NI, HUANN-SHING (Resigned on 30 May 2023)	130	130	0	0	801	801	40	40	971 0.10	971 0.10	0	0							971 0.10	971 0.10	None

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to net income (Note 10)		Related payment in performing the duties as employees								The sum of A, B, C, D, E, F and G in proportion to net income (Note 10)		Any payment from direct investee companies other than the subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension and severance payment (B)		Remuneration to Directors(C) (Note 3)		Professional allowances (D) (Note 4)				Salaries, bonus and special expense account (E) (Note 5)		Pension and severance payment(F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements (Note 7)	
Amount of Cash	Amount of Shares															Amount of Cash	Amount of Shares					
Independent Director	LIN, WIN-JON (Resigned on 30 May 2023)	130	130	0	0	801	801	40	40	971 0.10	971 0.10	0	0							971 0.10	971 0.10	None
Independent Director	CHIU, CHIH-WEI (Took office on 30 May 2023)	182	182	0	0	1,161	1,161	56	56	1,399 0.14	1,399 0.14	0	0	0	0	0	0	0	0	1,399 0.14	1,399 0.14	
Independent Director	NAKANISHI RYOICHI (Took office on 30 May 2023)	182	182	0	0	1,161	1,161	32	32	1,375 0.14	1,375 0.14	0	0							1,375 0.14	1,375 0.14	
Independent Director	YEH, YI CHANG	312	312	0	0	1,962	1,962	96	96	2,370 0.24	2,370 0.24	0	0							2,370 0.24	2,370 0.24	None
1. Specify the policy, system, standard and structure of the fees for Independent Directors, and the association between the duties performed, the risk, the commitment of time and related factors and the amount of payment: The directors of the company shall pay remuneration when performing the company's business. The remuneration authorizes the board of directors to pay according to the usual level of the industry and agree to pay it on a monthly basis regardless of profit or loss. During the term of office of a director, the company may take out liability insurance for the compensation liability it is legally obliged to undertake within the scope of its execution of business. 2. Further to the disclosure in the above table, the remuneration to the Directors from all companies included in the financial statements for the service rendered (such as consultant, which is not in the capacity as employee): None.																						

- Note 1: List out the names of the Directors separately (for institutional shareholders, list out the name of the institutional shareholder and the representative separately), as well as the Directors and Independent Directors, and disclose all payments in aggregate. If a Director also holds the position of President or Vice President, fill in this table and the table (3-1) below, or Table (3-2-1), and (3-2-2) below.
- Note 2: Refers to the remuneration to the Directors in the previous period (including salaries, professional allowances, severance payment, different types of bonus and gratuities).
- Note 3: Put down the amount paid to the Directors in the previous period passed by the Board.
- Note 4: Related professional allowances paid to the Directors in the previous period (including traveling subsidy, special expense account, allowances, and payment in kind such as accommodation and company car). If housing, company car or other transportation vehicle or exclusive expense is incurred, disclose the nature and cost of the assets, the actual amount of rent or estimated at fair value, fuel payment and other payment. If a driver is assigned, specify the remuneration to the driver by the Company but not included as a part of the remuneration.
- Note 5: Refers to payment to Directors who also performed the duties as employees (including holding the position as President, Vice President, managers, and other personnel) including salaries, professional allowances, severance payment, different types of bonus, gratuities, traveling subsidy, special expense account, allowances, and payment in kind such as accommodation, company car. If housing, company car or other transportation vehicle or exclusive expense is incurred, disclose the nature and cost of the assets, the actual amount of rent or estimated at fair value, fuel payment and other payment. If a driver is assigned, specify the remuneration to the driver by the Company but not included as a part of the remuneration. Salary expense recognized under IFRS 2 "Share-Based Payment", including the acquisition of ESO, RSU/RSA, and subscription of new shares for raising capital, which should be included as remuneration.
- Note 6: If the Directors also performed the duties as employees (including holding the position as President, Vice President, managers, and other personnel) and received payment as employees (including stock and cash), disclose the amount of remuneration to employee in the previous period passed by the Board. If estimation is not possible, calculate the amount planned to pay out in current period on the basis of the actual amount payment in the previous year, and fill in Table 1-(3).
- Note 7: Disclose the total amount of payment from all companies (including the Company) included in the consolidated financial statements to the Directors of the Company.
- Note 8: Disclose the names of the Directors in respective bracket of the payment scale by the total amount of payment from the Company.
- Note 9: Disclose the total of all itemized payment from all companies (including the Company) included in the consolidated financial statements to each Director of the Company and disclose the names of the Directors in respective brackets of the payment scale.
- Note 10: Net income refers to the net income of the previous period. If IFRS has been adopted in reporting, net income shall be referred to the net income as presented in the separate financial statement covering the previous period.
- Note 11 : a. Put down the amount of remuneration from direct investee companies other than the subsidiaries or the parent company to the Directors of the Company (If there is no payment, put down "None").
- b. If the Directors have received payment from direct investee companies other than the subsidiaries or the parent company, include this amount in Column I of the payment scale, and rename the column name as "parent company and all direct investee companies".
- c. Remuneration refers to the reward, payment (including payment to employees, Directors, and Supervisors) and performing professional duties to Directors who also act in the capacity of Directors, Supervisors or Managers in the direct investee companies other than the subsidiaries.

* The content of remuneration disclosed in this table is different from the purpose of taxation. This table is just for disclosure of information only, not as reference for taxation.

(II) Remuneration to President and Vice Presidents (Disclose the name of each individual and the corresponding remuneration amount)

Unit: in NT\$ thousands

Unit: in NT\$ thousands														
Title	Name	Salaries (A) (Note 2)		Pension and severance payment (B)		Bonus and special expense account (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				The sum of A, B, C and D in proportion to net income (%) (Note 8)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	YANG, JEN-KAI	2,520	2,520	0	0	2,920	2,920	0	0	0	0	5,440 0.54	2,520 0.54	None

*** Regardless of the title, those whose positions are equivalent to president and vice president (eg: CEO, chief executive, director, etc.) should be disclosed**

Note 1: List out the names of the President and the Vice Presidents separately and disclose all payments in aggregate. If a director also holds the position of President or Vice President, fill in this table and the above table (1-1).

Note 2: Put down the salaries, professional allowances, and severance payment of the President and the Vice Presidents in the previous period.

Note 3: Put down different types of bonuses, gratuities, traveling subsidies, special expense accounts, allowances, and payment in kind including accommodation and company vehicle for the President and Vice Presidents in the previous period. If housing, company car, or other transportation vehicle or exclusive expense is incurred, disclose the nature and cost of the assets, actual or estimated fair market value-based amount of rent, fuel, and other payment. If a driver is assigned, please specify the compensation paid to the driver by the Company but not include it as a part of the remuneration to the President and Vice Presidents. Salary expense recognized under IFRS 2 "Share-Based Payment", including the acquisition of ESO, RSU/RSA, and subscription of new shares for raising capital, which should be included as remuneration to the President and Vice Presidents.

Note 4: Put down the amount of remuneration to the President and Vice Presidents (including stock and cash) passed by the board of directors in the previous period. If estimation is not possible, calculate the amount in proportion to the actual payment of the previous year, and fill in Table 1-(3).

Note 5: Disclose the total payment of remuneration from all companies included in the financial statements (including the Company) to the President and the Vice Presidents of the Company.

Note 6: Disclose the names of the President and the Vice Presidents in respective bracket of the payment scale by the total amount of payment from the Company.

Note 7: Disclose the total payment of remuneration from all companies (including the Company) included in the consolidated financial statements to each President and the Vice President of the Company and disclose the names of the President and the Vice Presidents in respective brackets of the payment scale.

Note 8: Net income refers to the net income of the previous period. If IFRS has been adopted in reporting, net income shall be referred to the net income as presented in the separate financial statement covering the previous period.

Note 9: a. Put down the amount of remuneration to the President and the Vice Presidents from all direct investee companies other than the subsidiaries or the parent company (If there is no payment, put down “None”).

b. If the President and the Vice Presidents have received payment from direct investee companies other than the subsidiaries or the parent company, include this amount in Column E of the payment scale, and rename the column name as “parent company and all direct investee companies”.

c. Remuneration refers to the reward, payment (including those for employees, Directors, and Supervisors), and business execution expenses received by the President and the Vice Presidents who also act in the capacity of directors, supervisors, or managers in the direct investee companies other than the subsidiaries, or in the parent company.

* The content of remuneration disclosed in this table is different from the purpose of taxation. This table is just for disclosure of information only, not as reference for taxation.

(III) Remuneration paid to each of its top five management personnel of the company listed on the TWSE or the TPEX (Disclose the name of each individual and the corresponding remuneration amount) (Note 1)

Unit: in NT\$ thousands

Title	Name	Salary(A) (Note2)		Pension and severance payment (B)		Bonus and special expense account (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				The sum of A, B, C and D in proportion to net income (%) (Note 6)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company (Note 7)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	YANG, JEN-KAI	2,520	2,520	0	0	2,920	2,920	0	0	0	0	5,440 0.54	5,440 0.54	None
Assistant General Manager	CHEN, YEN-HSIAO	1,595	1,595	103	103	1,863	1,863	175	0	175	0	3,736 0.37	3,736 0.37	None
Assistant General Manager	CHEN, I-HSIANG	1,193	1,193	70	70	3,467	3,467	175	0	175	0	4,905 0.49	4,905 0.49	None
Assistant General Manager (Resigned on 31 March 2023)	WANG, QIU- HUANG	332	332	23	23	121	121	0	0	0	0	476 0.05	476 0.05	None
Assistant General Manager	LIN, YU-CHIN	1,170	1,170	66	66	1,855	1,855	175	0	175	0	3,266	3,266	None
Accounting Supervisor	LIN, HONG-SHEN	781	781	45	45	674	674	136	0	136	0	1,636 0.16	1,636 0.16	None

Note 1: The “remuneration paid to each of its top five management personnel” refers to the managers of the company, and those within the criteria for the identification of the managers according to the scope of application of "managers" ordered by the former Ministry of Finance Securities and Futures Commission, FSC Letter Taiwan-Finance-Securities (III)- No. 0920001301 dated 27 March 2003. As for the calculation and determination principle of the” remuneration paid to each of its top five management personnel”, it is based on the total amount of salaries, retirement pensions, bonuses and special expenses received by company managers

in the consolidated financial statements, as well as the total amount of employee remuneration (i.e., the total amount of A+B+C+D). The top five of the highest remuneration will be recognized. Please fill out this form and the above form (1-1) if the director concurrently serves as the one of the executives

Note 2: Put down the salaries, professional allowances, and severance payment of the top five management personnel in the previous period.

Note 3: Put down different types of bonus, gratuities, traveling subsidy, special expense account, allowances, and payment in kind including accommodation and company vehicle for the top five management personnel in the previous period. If housing, company car, or other transportation vehicle or exclusive expense is incurred, disclose the nature and cost of the assets, actual or estimated fair market value-based amount of rent, fuel, and other payment. If a driver is assigned, please specify the compensation paid to the driver by the Company but not include it as a part of the remuneration to the top five management personnel. Salary expense recognized under IFRS 2 “Share-Based Payment”, including the acquisition of ESO, RSU/RSA, and subscription of new shares for raising capital, which should be included as remuneration to the top five management personnel.

Note 4: Put down the amount of remuneration to the top five management personnel (including stock and cash) passed by the board of directors in the previous period. If estimation is not possible, calculate the amount in proportion to the actual payment of the previous year, and fill in Table 1-(3).

Note 5: Disclose the total payment of remuneration from all companies included in the financial statements (including the Company) to the top five management personnel of the Company.

Note 6: Net income refers to the net income of the previous period. If IFRS has been adopted in reporting, net income shall be referred to the net income as presented in the separate financial statement covering the previous period.

Note 7: a. Put down the amount of remuneration to the top five management personnel from all direct investee companies other than the subsidiaries or the parent company (If there is no payment, put down “None”).

b. Remuneration refers to the reward, payment (including those for employees, Directors, and Supervisors), and business execution expenses received by the top five management personnel who also act in the capacity of directors, supervisors, or managers in the direct investee companies other than the subsidiaries, or in the parent company.

* The content of remuneration disclosed in this table is different from the purpose of taxation. This table is only for disclosure of information, not as reference for taxation.

(IV) Names of managers with remuneration as employees and the disbursement:

30 April 2024

Unit: in NT\$ thousands

	Title (Note1)	Name (Note1)	Amount of stock	Amount of cash	Total	The total amount in proportion to net income (%)
Management personnel	President	YANG, JEN-KAI	0	660,408	660,408	0.06%
	Assistant General Manager	CHEN, YEN- HSIAO				
	Assistant General Manager	CHEN, I-HSIANG				
	Vice President (Retired on 31 March 2023)	WANG, QIU HUANG				
	Assistant General Manager	LIN, YU- CHIN				
	Accounting Supervisor	LIN, HONG- SHEN				

Note 1: Disclose the name and occupational title of each person, and the distribution of earnings may be disclosed in aggregate.

Note 2: Put down the amount of remuneration to the Managers as employees (including stock and cash) passed by the Board in the previous period. If estimation is not possible, calculate the amount in proportion to the actual payment of the previous year.

Note 3 : The scope of Management personnel shall be defined under FSC Letter Taiwan-Finance-Securities (III)- No. 0920001301 dated 27 March 2003 specified as follows:

- (1) President and equivalent rank
- (2) Vice President and equivalent rank
- (3) Assistant General Manager and equivalent rank
- (4) Finance Supervisor
- (5) Accounting Supervisor
- (6) Any other authorized personnel charged with administrative duties and entitled to sign document on behalf of and in the name of documents.

Note 4: If the Directors, President and Vice Presidents were remunerated as employees (including stock and cash), fill in Table 1-(2), and also this form.

(V) The total payment from the Company and all companies included in the financial statements to the Directors (including Independent Directors), President and Vice Presidents as remuneration in the last 2 years in proportion to the net income and related analysis, and explain the policy, standard and components of payment, the procedure for setting the amount of payment, and the association with the operation performance and the risks in the future:

1. Analysis of the total remuneration as a percentage of net income to each of this company's directors, president, and vice president for the most recent 2 fiscal years:

Year (Note 1)	2022		2023	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
The total amount of remuneration paid to the directors, presidents and vice presidents of the company in proportion to the net income	93.03%	93.03%	4.74%	4.74%

Note 1: Refer to the year when the company makes a surplus.

2. The policies, standards, and combinations of remuneration, establishment procedures for remuneration, and the correlation between operational performance and future risks.

(1) According to Article 25 of the Company's Articles of Association, if the company makes a profit in a fiscal year, it shall allocate 2% for employee compensation and no more than 3% for director remuneration, and report this to the shareholders' meeting. Additionally, the fixed monthly compensation shall be determined by the board of directors, considering the usual industry standards.

(2) The remuneration policy for directors and employees of the Company is based on their duties, level of participation, and contribution value within the company, with performance evaluation results serving as the basis for reasonable compensation. This is reported to the shareholders' meeting and is not significantly related to future risks.

- The performance evaluation and salary compensation of directors and managers are based on the company's salary management regulations and Article 25 of the Articles of Association, taking

into account the usual industry standards, the results of performance evaluations, time invested, responsibilities undertaken, goal achievements, performance in other positions, and salary compensation given to equivalent positions in recent years. Performance assessments and compensation rationality are evaluated in connection with the company's short-term and long-term business goals, financial condition, effectiveness of implementing ESG goals, and relevance to the company's operational performance and future risks. The reasonableness of related performance assessments and compensation is reviewed by the Compensation Committee and the Board of Directors, and distributed upon approval by the board of directors.

- Employee compensation is based on relevant management regulations concerning salaries, promotions, assessments, bonuses, etc., taking into account performance evaluation results, including financial indicators such as shipment volume, achievement rates, profit amounts, etc. The reasonableness of related performance assessments and compensation is reviewed by the Remuneration Committee and the board of directors.

IV. The state of its implementation of corporate governance:

(I) The state of operations of the board of directors:

1. The Board of the Company convened for 7 times. The attendance of the Directors is specified below:

Title	Name (Note 1)	Actual frequency attendance	Frequency of attendance by proxy	Actual attendance rate (%) (Note 2)	Remark
Chairman	CHEN, YAO-MING	7	0	100%	
Director	YANG, JEN-KAI	7	0	100%	
Director	YEH, CHIA-HONG	7	0	100%	
Director	YAO, PIN-NAN	7	0	100%	
Director	LEE, LI-HSEN	6	0	86%	
Director	Representative, LIANG HAW TECHNOLOGY CO., LTD.: YU, CHUN-PING	7	0	100%	
Director	Representative, EVERWIN CAPITAL LIMITED: TSENG, CHING-HUA	6	0	86%	
Director	Representative of SHINE LEE INVESTMENT CO., LTD.: LI, HSIN-LIN	7	0	100%	
Independent Director	YEH, YI-CHANG	7	0	100%	
Independent Director	NI, HUANN-SHING	2	0	100%	Took office on 30 May 2023
Independent Director	LIN, WIN-JON	2	0	100%	Took office on 30 May 2023
Independent Director	NAKANISHI RYOICHI	4	0	80%	Took office on 30 May 2023
Independent Director	CHIU, CHIH-WEI	5	0	100%	Took office on 30 May 2023

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance (percentage) during the term of office.

(2) By the end of the year, if there is a re-election of the director and supervisor, the new and previous directors and supervisors shall be filled in, and the previous, new or re-appointed and re-election date of the director and supervisor shall be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance (percentage) during the term of office.

2. Additional information:

(1) If any of the following applies to the Board in session, specify the date, the session of the meeting, the content of the motions, the opinions of all Independent Directors, and the response of the Company to the opinions of the Independent Directors:

① Particulars inscribed in Article 14-3 of the Securities and Exchange Act:

Date of /session of the board meeting	Proposal	All independent directors' opinions and the company's response to independent directors' opinions
14 March 2023 (The 1st meeting of 2023)	1. Review of the public expenses for CPAs. 2. Review of the Disposal of Land and Buildings of the Company's Taoyuan Factory.	Unanimously passed by all attending independent directors
01 August 2023 (The 5th meeting of 2023)	1. Replacement of the Company's CPAs.	
16 January 2024 (The 1st meeting of 2024)	1. Change of internal audit manager. 2. Change of accounting manager.	
12 March 2024 (The 2nd meeting of 2024)	1. Review of the public expenses for CPAs.	

② Except for the matters mentioned above, other matters resolved by the board of directors with objections or reservations of independent directors and with records or written statements: None.

(2) The recusal of the Directors from motions involving a conflict of interest. Specify the names of the Directors, the content of the motions, the reasons for recusal and the participating in voting:

Date of /session of the board meeting	Name	The content of the motions	The reasons for recusal	Participating in voting
14 March 2023 (The 1st meeting of 2023)	CHEN, YAO-MING, YANG, JEN-KAI	Recuse due to potential conflicts of interest, and refrain from participating in discussions and voting, in accordance with the law.	Recuse due to potential conflicts of interest, and refrain from participating in discussions and voting, in accordance with the law	The Chairman, CHEN, YAO-MING, and President, YANG, JEN-KAI, recused themselves from the discussion and voting due to a potential conflict of interest in accordance with the law. The remaining attending directors unanimously approved the proposal.

(3) The state of performance evaluations of the board of directors:

Evaluation cycle	Period of evaluation	Scope of evaluation	Methods of evaluation	Content of evaluation
Once annually	1 January 2023 to 31 December 2023	Board of Director	Internal evaluation of the board	I. Participation in the operation of the company II. Improvement of the quality of the board of directors' decision making III. Composition and structure of the board of directors IV. Election and continuing education of the directors V. Internal control
Once annually	1 January 2023 to 31 December 2023	Individual board members	Self-evaluation by the board members of themselves	I. Alignment of the goals and missions of the company II. Awareness of the duties of a director III. Participation in the operation of the company IV. Management of internal relationship and communication V. The director's professionalism and continuing education VI. Internal control
Once annually	1 January 2023 to 31 December 2023	Functional committee	Self-evaluation by the board members of themselves	I. Participation in the operation of the company II. Awareness of the duties of the functional committee III. Improvement of quality of decisions made by the functional committee IV. Makeup of the functional committee and election of its members V. Internal control

(4) The evaluation of the objectives and implementation of the current year and the latest year to strengthen the functions of the board of directors:

- ① The Company completed the development of the “Rules for Performance Evaluation of Board of Directors” on 12 March 2020, which was disclosed on the company website. Every year, the Board of Directors, Board Meeting Units, and functional committees evaluate the performance of the Board of Directors in five aspects based on the previous year's performance. The 2022 performance evaluation of the board of directors was completed in February 2024,

with the result being “excellent”. The evaluation results were reported to the Board of Directors on 12 March 2024 and will serve as a reference for improving the functions and efficiency of the Board of Directors. To fulfill the Company’s commitment to corporate governance, increase transparency, and protect shareholder rights, the Company fully discloses the operational and financial information in the Annual Report, company website, and MOPS. Starting 20 June 2019, the Company began to take out liability insurance for directors, supervisors, and key personnel and renewed the policy on 20 June 2023. The Company also encourages directors and supervisors to participate in annual training courses to enhance their capabilities. For information regarding the state of training of the directors and supervisors for 2023, please refer to p.60.

- ① The Company established the remuneration committee at the end of 2011, and the term of office is the same as that of the current directors, which will end on 29 May 2026. As at 12 March 2024, 3 meetings have been held.
- ③ The company established the Audit Committee on 15 June 2020, and the term of office is the same as that of the current directors from 30 May 2023, to 29 May 2026. As of 12 March 2024, 4 meetings have been held.

(II) Information on the operation of the audit committee

The Audit Committee convened for 4 times (A) in the most recent year. The attendance of independent directors is specified below:

Title	Name	Actual frequency of attending (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remark Election on 30 June 2023
Independent Director	NI, HUANN-SHING	2	0	100%	Took office on 30 May 2023
Independent Director	LIN, WIN-JON	2	0	100%	Took office on 30 May 2023
Independent Director	YEH, YI-CHANG	4	0	100%	Renewed term of office
Independent Director	CHIU, CHIH-WEI	2	0	100%	Took office on 30 May 2023
Independent Director	NAKANISHI RYOICHI	1	0	50%	Took office on 30 May 2023

Note 1: If specific Independent Director resigned before the end of the fiscal year, specify the date of relief from office, the actual attendance rate (%) calculated on the basis of the frequency of the convention of the Audit Committee and frequency of attendance to the session of the Audit Committee in the remark column.

Note 2: If there is an election of Independent Directors before the end of the fiscal year, specify the name of the newly elected and the previous Independent Directors, and note down if the Independent Directors are in office, newly elected or reelected, and the date of the election. The actual attendance rate (%) will be calculated on the basis of the frequency of the convention of the Audit Committee and the actual frequency of attendance to the sessions of the Audit Committee within the term of office.

Additional information:

I. Composition and Responsibilities of the Audit Committee:

(I) Composition: The Company consists of 3 independent directors, who are required to possess the qualities of integrity, professional knowledge, extensive experience and the ability to read financial reports.

(II) Responsibilities:

1. Review the Company's financial reports.
2. Appointment (dismissal) of CPAs and independence.
3. Supervise the effectiveness of the implementation of the company's internal control.
4. Supervise the company's compliance with relevant laws and regulations.

II. Results of the Audit Committee's Resolutions on Matters inscribed in Article 14-5 of the Securities and Exchange Act and the Company's response to the Audit Committee's Opinions:

Audit Committee	Content of the motions	Opinions of all the Independent Directors and the response of the Company to the opinions of the audit committee.
14 March 2023 (The 1st time of 2023)	1. 2022 business report and financial statements 2. Review of the professional fees of CPAs 3. Review the 2022 “Statement of Internal control” 4. Discussion on the Disposition of the Land and Building of the Taoyuan Factory of the company	1. Unanimously passed by all attending independent directors 2. Submitted to the board of directors for resolution and handle in accordance with the resolution of the board of directors.
4 May 2023 (The 2nd time of 2023)	1. 2023 Q1 Consolidated Financial Statements	
1 August 2023 (The 3rd time of 2023)	1. Replacement of the Company's CPAs 2. 2023 Q2 Consolidated Financial Statements	
3 November 2023 (The 4th time of 2023)	1. 2023 Q3 Consolidated Financial Statements	
16 January 2024 (The 1st time of 2024)	1. Change of internal audit manager 2. Change of accounting manager	
12 March 2024 (The 2st time of 2024)	1. 2023 business report and financial statements 2. Review of the professional fees of CPAs 3. Review the 2023 “Statement of Internal control”	

Other motions not passed by the Auditing Committee but required the consent of at least 2/3 of the Directors for passing: None.

III. Issues involving the conflict of interest of the independent directors: None.

IV. Communication between the independent directors and the supervisor of internal audit and the CPAs:

- (I) The internal audit manager of the company regularly reports on audit activities, results, and other follow-up information to the independent directors at the Audit Committee meetings held each quarter.
- (II) The CPAs perform annual audit on the financial statements and communicate with the independent directors regarding the audit plan, risk assessment, key audit matters, execution status and results at both the planning and completion stages of the audit.

(III) The internal audit supervisor and the CPAs may also directly communicate with the independent directors as needed to ensure the communication channels are smooth.

(IV) Communication items between independent directors and internal audit supervisor and the CPAs are as follows:

Date	Internal audit		CPAs	
	Communication items	Communication results	Communication items	Communication results
14 March 2023 (The 1st communication of 2023)	1.Audit plan implementation 2.	No adverse opinion	1. Independence of CPAs 2. 2022 consolidated financial statements	No adverse opinion
4 May 2023 (The 2nd communication of 2023)	1. Audit plan implementation	No adverse opinion	1. The consolidated financial statements of Q1 2023	No adverse opinion
1 August 2023 (The 3rd communication of 2023)	1. Audit plan implementation	No adverse opinion	1. The consolidated financial statements of Q2 2023	No adverse opinion
3 November 2023 (The 4th communication of 2023)	1.Audit plan implementation 2.Review of the 2023 “Statement of internal control”	No adverse opinion	1. The consolidated financial statements of Q3 2023	No adverse opinion
12 March 2024 (The 2nd communication of 2024)	1.Audit plan implementation 2.Review of the 2023 “Statement of internal control”	No adverse opinion	1. Independence of CPAs 2. 2023 consolidated financial statements	No adverse opinion

(III) The state of the company's implementation of corporate governance, any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation:

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies”?	V		The Company has established its “Corporate Governance Best Practice Principles” and disclosed it at the company's website.	No material deviation.
II. Equity structure and shareholder equity of the Company				
(I) Has the Company established the internal operation procedures for responding to the suggestion, queries, disputes and lawsuits of the shareholders, and proceed with the procedures?	V		(I) In addition to a spokesperson, the company also has stock personnel to assist in handling shareholder-related issues and will appoint a legal advisor to assist in handling when necessary.	(I)No material deviation.
(II) Has the Company kept list of the dominant shareholders actually controlling the Company, and the list of ultimate controlling parties of these dominant shareholders?	V		(II) According to the shareholder register provided by the stock agency, the company has a solid grasp of the monthly changes in the shareholding of directors and major shareholders.	(II)No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(III) Is there any control and firewall mechanisms established between the Company and its affiliates with proper execution?	V		(III) The company takes the principle of financial and business independence as the basis for business transactions and abides by relevant laws and regulations.	(III) No material deviation.
(IV) Has the Company instituted related internal rules and regulations for prohibiting the use of undisclosed information in market by insiders for trading of securities?	V		(IV) The company has formulated “Procedures for Handling Material Inside Information” to prevent insider transactions.	(IV) No material deviation.
III. The organization and function of the Board (I) Has the Board established the policy of diversity, the substantive management objective, and the attainment?	V		(I) The company has specified the diversity policy for the composition of the board of directors in Article 20 of the “Corporate Governance Best Practice Principles”. The composition of the board of directors of the company is based on the scale of the company's business development and the shareholding situation of its major shareholders and considers the practical needs. When considering and selecting director candidates, based on the policy of diversity, the professional	(I) No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(II) The Company has established the Remuneration Committee and Audit Committee as required by law. Will the Company establish other functional committees on a voluntary basis?	V		background, academic (experience), integrity and related professional qualifications, etc. are measured. As of now, all directors and independent directors of the company have completed and rich academic experience and a diverse composition. There are 11 directors, including 3 independent directors which accomplish the management objectives of "director who concurrently serves as a manager of the company does not exceed one-third of the directors' seats" to drive the company to play the function of business decision-making and supervision. Please refer to pp.23-25 for details on the implementation of diversity among board members.	(II) No material deviation.
(III) Has the Company established the rules for performance evaluation of board of directors and the method of	V		(III) The company evaluates the performance of the board of directors once annually and submits the results to the board of directors for	(III) No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
evaluation, and conduct annual evaluation at regular intervals, report the result of evaluation to the Board, and taken as the reference for the remuneration to individual Directors and the nomination for another term of office? (IV) Has the Company assessed the independence of the CPAs at regular intervals?	V		deliberation and approval on 12 March 2024. Please refer to p.39 for more detail on the assessment. (IV) The company's audit committee evaluates the independence and suitability of its affiliated auditors annually. This evaluation includes requesting auditors to provide a "declaration of independence" and "Audit Quality Indicators (AQIs)", assessing them based on five dimensions and 13 AQI indicators. The committee also checks if auditors have any business relationships with the company as shareholders, directors, or other than routine non-assurance services, whether they have received significant gifts from the company's directors, managers, or major shareholders, and whether auditor rotations comply with relevant regulations. Additionally, they consider AQI information to confirm that auditors and firms have training hours, quality	(IV) No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			control, and commitment levels superior to industry averages. The assessment results are discussed and approved by the audit committee on 14 March 2023 and 12 March 2024, and the evaluation of the auditors' independence and suitability is submitted to the board of directors for approval on 12 March 2024.	
IV. Has the Company appointed competent and appropriate number of personnel to perform the function of corporate governance, and a designated Corporate Governance Officer charged with corporate governance and related affairs (including but not limiting to supplying the Directors with information required for their performance of duties, assistance to the Directors in law and compliance, administrative affairs pertinent to the convention of the Board and the Shareholders Meeting, keeping minutes of meeting on record for the convention of the Board and the Shareholders Meeting)?	V		The board of directors appointed LIN, YU-CHIN, the Deputy General Manager of the Finance and Administration Department, as the Corporate Governance Supervisor, with assistance from personnel in the Administration Department to handle corporate governance-related matters. The responsibilities of this position include handling matters related to board meetings and shareholder meetings, preparing minutes of board and shareholder meetings, assisting directors with their appointment and continuing education, providing information necessary for directors to carry out their duties, and assisting directors in complying with laws and regulations to promote good corporate governance.	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
V. Has the Company established channels for communications with stakeholders (including but not limiting to shareholders, employees, customers and suppliers), and set up a section for stakeholders at its official website with proper response to stakeholders on issues of corporate social responsibility for their concern?	V		A spokesperson is appointed as a communication channel with stakeholders. The company's website also has a contact for investor relations and a special area for stakeholders.	No material deviation.
VI. Has the Company commissioned a professional investor service agent to handle matters pertinent to the Shareholders Meeting?	V		The company appoints a professional stock brokerage agency, the stock agency department. The Capital Group, to act on behalf of the company's various stock affairs matters and has formulated the "Management Measures for Stock Affairs Operations" to regulate related affairs.	No material deviation.
VII. Transparency of information (I) Has the Company established a website for the disclosure of information on the financial position and business of the Company?	V		(I) The company regularly and irregularly reports various financial and business information to MOPS in accordance with regulations, and a website is set up for shareholders and investors to inquire which is available at: www.universal-tex.com .	(I) No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(II) Has the Company adopted other means of information disclosure (such as the installation of website in the English language, appointment of designated person to collect and disclose information for the Company, proper pursuit of the system of spokesman, and the upload the record on the entire process of institutional investors conferences to the Company website)?	V		(II) The company has a dedicated department responsible for the collection and release of various company information; there are spokespersons and proxy spokespersons, and the company's website also has an investor question answering section and an English website to accept inquiries from outsiders and shareholders about the company at any time to implement the spokesperson system.	(II) No material deviation.
(III) Has the Company disclosed and declared its annual financial reports within 2 months after the end of the fiscal year, and declares its financial reports in Q1, Q2, and Q3, and the monthly business reports before respective deadlines at regular intervals?	V		(III) The company announces and releases annual and quarterly financial reports and monthly operations within the prescribed time limit. There is no advance announcement and report.	(III) The Company will try to provide advance notice and declare relevant information and data as early as possible depending on the operational status of the company.
VIII. If there any important information that helps to understand the state of implementation of corporate governance of the Company (including but not limited to employee rights, employee care, investor relation, supplier relation, stakeholder right, continuing	V		(I) Rights and caring of employees: For the development of the Company and the protection of the well-being of all employees, the company has formulated employee service rules which clearly defined the rights and obligations of both employers and employees, improved management systems and organizational functions, and provided a	No material deviation.

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
education of the Directors, risk management policy and risk assessment standard in action, customer policy in action, taking professional liability insurance for the protection of the Directors)?			safe, healthy and fair working environment. In addition to cooperating with laws and regulations and formulating various management measures to protect the rights and interests of employees, an employee welfare committee has been established to be responsible for the planning and implementation of various employee welfare matters. (II) Investor relations: The company has a spokesperson to deal with shareholders' suggestions and questions, and also handles relevant information announcements and declarations in accordance with the regulations of the competent authority and provides various timely information that may affect investors' decision-making. (III) Prioritize the rationality of procurement prices, making decisions after thoroughly comparing factors such as unit price, specifications, payment terms, delivery schedule, product and service quality, and other relevant data. The Company establishes long-term and close relationships with suppliers, fostering collaborative partnerships based on mutual trust and benefit, with the shared goal of pursuing sustainable growth and mutual success.	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			(IV)Stakeholder rights: The company maintains effective communication channels with its correspondent banks, employees, customers and suppliers, and respects and safeguards their legitimate rights and interests; disclose clear financial business information and have spokesperson respond to investor questions immediately to protect the rights of investors and stakeholders. (V) The state of continuing education of directors: Please refer to p.60. (VI) The state of risk management policy and risk measurement standards: (1) In accordance with the requirements of internal audit standards, the company has gradually strengthened enterprise risk management in recent years. Various types of risks are initially identified, assessed and managed by relevant business units or contractors. At the end of each year, a self-assessment is also required for each operation to verify the effectiveness of the design and implementation of risk prevention. Secondly, each department conducts mutual review from time to time, and internal auditors conduct regular or irregular	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			audits. Finally, it is reviewed by directors and supervisors, that is, risk measurement and control are carried out by means of layer-by-layer prevention and comprehensive control by all employees. (2) Organizational Structure and Operation of Risk Management: Finance Department: Responsible for financial scheduling and application and establish a hedging mechanism to reduce financial risks; Responsible for the drafting of financial systems and operating reports, strengthen internal control functions, ensure its continued effectiveness, and achieve the reliability of financial supervision. Textile Department and Textured Yarn Department : Responsible for marketing strategies, product promotion, and mastering market trends to reduce business operational risks. IT Department: Responsible for information security control and protection to reduce information security risks. Manufacturing Department: Responsible for the management of production, manufacturing, equipment maintenance, labor safety and hygiene, etc. to reduce production risks. R&D business: Responsible for the	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			implementation of relevant product development operations, research benefit evaluation and analysis, and information intelligence collection, analysis and application to increase market share and reduce the risk of being eliminated from the market. (VII) Enforcement of consumer or customer protection policies: To provide customers with comprehensive services and protection, the company has dedicated customer service personnel which can communicate with customers in a timely manner and fully understand their needs in order to promote interaction between the company and customers. Complaints from customers are also handled by the customer service team, and regular reviews and improvements are conducted at production and sales meetings. (VIII) Purchase of liability insurance for directors and key employees on 20 June 2023. (IX) Succession planning and implementation for board members and key management levels. In planning the succession program, apart from requiring	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			successors to possess excellent professional and managerial abilities, their values should also align with those of the company. Personal traits such as integrity, honesty, innovation, and initiative are essential. Training content for senior management successors includes managerial and professional training, job rotation exercises, aiming to comprehensively cultivate their abilities to serve as senior executives. 1. Succession Planning for Board Members: ● The company adopts a candidate nomination system for directors, with a term of three years, renewable. Director appointments, unless otherwise stipulated by laws or regulations, follow the company's "Procedures for Election of Directors." The overall composition of the board of directors, including basic criteria and values (such as gender, age, nationality, and culture), as well as diverse professional knowledge and skills (including professional background, skills,	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			and industry experience), are taken into consideration. ● To achieve ideal corporate governance goals, directors should generally possess the necessary knowledge, skills, and qualities for performing their duties, including: (1) Operational judgment ability, (2) Accounting and financial analysis ability, (3) Management capability, (4) Crisis management ability, (5) Industry knowledge, (6) International market perspectives, (7) Leadership ability, (8) Decision-making ability. ● The company conducts succession planning for board candidates through various methods, including recommendations from current directors, shareholder recommendations, and using the results of board performance evaluations as references for nominating directors for reappointment.	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			2. Succession Planning for Key Management Levels: ● In planning succession programs, successors are required to possess both professional and managerial abilities, as well as values aligned with the company. Traits such as integrity, honesty, innovation, and initiative are essential. In December 2021, DAR YU ASSET MANAGEMENT CO., LTD., and five others publicly acquired the company, acquired 55,000,000 issued common shares of the company, representing 42.09% ownership. On 18 February 2022, an extraordinary shareholders' meeting elected directors, and Chen, Yao-Ming was elected as the chairman of the company on the same day. On 1 March 2022, the board appointed Yang, Jen-Kai as the company's general manager to lead the management team in implementing innovative market development plans, introducing strategic partners, improving product added value and operational efficiency, dedicating to the company's long-term stable development, enhancing market competitiveness, safeguarding employees'	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			working rights, and ensuring the company's sustainable operation. ● For succession training of key management levels, in addition to identifying and selecting potential successors, individual development plans and mentoring systems are implemented to assist in effectively enhancing successor capabilities and shortening the succession period. In terms of training mechanism design, comprehensive management development courses are arranged annually, utilizing resources such as the TSFA to conduct "Textile Industry Operations Management, Research and Marketing Cadres Seminar," focusing on important topics such as strategic planning, management, leadership, organization, and management change, to cultivate future-needed management talents. In 2023, a total of three individuals participated in the training. ● Succession of key management levels in 2023: In April 2023, the company's personnel assessment committee approved the appointment of CHEN,YEN-HSIAO, assistant manager of the	

Evaluation items	State of implementation (Note)			Any deviation of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			Manufacturing Department, CHEN,I-HSIANG, assistant manager of the Textile Departmentn, and Lin,Yu-Chin, assistant manager of the Finance Department. Additionally, Guo, Zhi Ming, deputy manager with many years of production and management experience, was selected to succeed as the plant manager. Furthermore, to cultivate diverse talents, rotation assignments were conducted in January 2024 for LIN,HONG-SHEN, assistant manager of the Audit Department, and LU,KUAN-CHEN, deputy section chief of the Finance Department.	
IX. Explain the corrective action taken in response to the evaluation result released by Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous period, and special attention and additional effort on issues that needed to be addressed to at top priority. (I) Established an information security risk management framework, formulated information security policies, and developed specific management plans.				

Note: Either “Y” or “N” for the state of implementation requires summary description in the remark column.

(III) Continuing education of directors:

Title	Name	Date	Organizer	Course Title	Course hours
Chairman	CHEN, YAO-MING	2023/11/03	Taiwan Corporate Governance Association	Board Supervision of Legal Matters Enterprises Should Be Aware of - Beware of Crossing the Line of Joint Action and Analysis of Insider Trading	3hrs.
Director	YANG, JEN-KAI				
	YEH, CHIA-HONG				
	LI, HSIN-LIN				
	YU, CHUN-PING				
	TSENG, CHING-HUA				
	YAO, PIN-NAN				
	LEE, LI-HSEN				
Independent Director	NAKANISHI RYOICHI				
	CHIU, CHIH-WEI				
	YEH, YI CHANG				
Director	YU, CHUN-PING	2023/10/20	Securities and Futures Institute	2023 Insider Trading Prevention Advocacy Conference	3hrs.
Independent Director	NAKANISHI RYOICHI	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6hrs.
	CHIU, CHIH-WEI				

(III) Continuing education of managers :

Title	Name	Date	Organizer	Course Title	Course hours
Chief Information Security Officer (CISO)	HU, FANG-CHENG	2023/11/03	Taiwan Corporate Governance Association	Board Supervision of Legal Matters Enterprises Should Be Aware of - Caution against Crossing the Red Line of Joint Actions and Analysis of Insider Trading	3hrs.
Assistant Manager of Business Operations	CHEN, I-HSIANG				
Assistant Manager of Production	CHEN, YEN-HSIAO				
Audit Manager	LIN, HONG-SHEN				
Corporate Governance Manager	LIN, YU-CHIN				
Corporate Governance Manager	LIN, YU-CHIN	2023/04/27	Taiwan Stock Exchange Corporation	Advocacy Meeting on Sustainable Development Action Plans for Listed Companies	3hrs.
Corporate Governance Manager	LIN, YU-CHIN	2023/05/26	Ministry of Environment	Green Chemistry Co-creation Sustainable Seminar	3hrs.
Corporate Governance Manager	LIN, YU-CHIN	2023/08/17-2023/08/18	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Development Program - Strategies for Corporate Low-carbon Transformation	9hrs.
Accounting Supervisor	LIN, YU-CHIN	2023/12/21-2023/12/22	Accounting Research and Development Foundation	Issuer securities firm securities exchange accountant supervisors Continuous training course	12hrs.
Audit Manager	LIN, HONG-SHEN	2023/07/17	The Institute of Internal Auditors	Self-assessment practice section	6hrs.
Audit Manager	LIN, HONG-SHEN	2023/12/13	The Institute of Internal Auditors	Subsidiary audit practice	6hrs.

(IV) State of implementation Organization, function and state of implementation of the remuneration committee:

1. Information on the members of the remuneration committee:

30 April 2024

Condition Identity(Note 1) Name		Professional designation and work experience (Note 2)	State of independence (Note 3)	Number of companies where the members of the Remuneration Committee also hold concurrent position as members of Remuneration Committee
Independent Director and Convener	YEH,YI CHANG	Please refer to 4. Professional Qualifications of Directors and Disclosure of Independent Directors' Independence Information on pages 13-14	(1) Non-employees of the company or affiliated companies. (2) Non-directors or supervisors of the company or affiliated companies. (3) Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total shares issued or hold the top ten shares in the name of others.	None
Independent Director	CHIU,CHIH-WEI		(4) Spouses, relatives within the second degree of kinship, or lineal blood relatives within the third degree of kinship, who are not the managers listed in (1) or the persons listed in (2) and (3). (5) A director or supervisor of a legal person shareholder who does not directly hold 5% or more of the company's total shares issued, the top five shareholders, or a representative who has appointed a representative to serve as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Law or employees.	None
Independent Director	NAKANISHI RYOICHI		(6) Directors, supervisors or employees of other companies whose seats are not the same as the company's directors or whose voting shares are more than half of which are controlled by the same person (7) A director (council), supervisor (supervisor) or employee of another company or institution that is not the same person or spouse as the chairman, president or equivalent of the company. (8) Non-director (council), supervisor (supervisor), manager or shareholder holding 5% or more shares of a specific company or institution that has financial or business dealings with the company.	None

			(9) Professionals, sole proprietorship, partnership, company or institution business owner, partner, director (council), supervisors (supervisors), managers and their spouses that have not provided audits for the company or affiliated companies or receiving remuneration in the last two years. (10) There is no relationship between spouses or relatives within 2nd tier of kinship with other directors. (11) There is no affairs under Article 27 of the Companies Act that provides for the election of a government, a legal person or its representative.	
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Note 1: Please specify in the table the relevant years of work experience, professional qualifications, and experience of each member of the Remuneration Committee, and their independence status. For independent directors, please refer to the previous information.

Note 2: Professional qualifications and experience:

Specify the professional qualifications and experience of each member of the Remuneration Committee.

Note 3: Criteria for Independence: Specify whether each member of the Remuneration Committee meets the criteria for independence, including but not limited to whether the individual, spouse, parents, or other relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its related entities; whether the individual, spouse, parents, or other relatives within the second degree of kinship (or using another person's name) hold shares of the company and their proportion; whether they serve as directors, supervisors, or employees of companies with specific relationships with the company (refer to the regulations on the appointment of independent directors of public listed companies and matters to be followed, Article 3, Subparagraph 1, Items 5-8); and the amount of remuneration received for providing business, legal, financial, accounting, or other services to the company or its related entities in the past two years.

2. Information on the state of implementation of the Remuneration Committee:

- (1) The Remuneration Committee of the Company is consisted of 3 members.
- (2) The current term of office lasts from 30 May 2023 to 29 May 2026. The committee convened for 2 times (A) in the most recent year and the eligibility of the members and attendance to committee sessions of the members are specified below:

Title	Name	Actual frequency of attendance (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	YEH,YI CHANG	2	0	100%	Renewed term of office
Member	LIN, WIN-JON	1	0	100%	Took office on 30 May 2023
Member	NI, HUANN-SHING	1	0	100%	Took office on 30 May 2023
Member	CHIU,CHIH-WEI	1	0	100%	Took office on 30 May 2023
Member	NAKANISHI RYOICHI	0	0	0%	Newly appointed on 30 May 2023

Note: (1) If specific member elected to resign within the fiscal year, put down the date of relief from office in the remark column. The actual attendance rate (%) will be calculated on the basis the actual frequency of attendance to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the Director is still in office.

- (2) If an election of Directors has been held to fill the vacancy before the end of the fiscal year, put down the names of the newly elected members and the members of the previous term, and noted as new to office or reelected to office, and the date of the election. The actual attendance rate (%) will be calculated basis the actual frequency of attendance to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the member is still in office.

(3) Summary of content of the motions and resolutions of Remuneration Committee

Date of the session	Content of the motions and follow-up action	Resolutions	Response of the Company to the opinions of the Remuneration Committee
2023.03.14 (The 1st session of 2023)	1.Review of the remuneration of directors and managers of the Company for 2022. 2. Review and discussion on the remuneration to chairman. 3. Review and discussion on appointment, dismissal and remuneration of management personnel.	Approved by the attending members without objection after consultation	Submitted to the board of directors and unanimously passed by all attending directors without objections
2023.11.03 (The 2nd session of 2023)	1.Proposal of the Company's director and managers remuneration for 2024.	Approved by the attending members without objection after consultation	Submitted to the board of directors and unanimously passed by all attending directors without objections
2024.01.16 (The 1st	1.Proposal of remuneration for the head of the Accounting Department.. 2.Proposal of the distribution of year-	Approved by the attending members without objection	Submitted to the board of directors and unanimously passed by all attending

Date of the session	Content of the motions and follow-up action	Resolutions	Response of the Company to the opinions of the Remuneration Committee
session of 2024)	end bonuses to the chairman and manager of the Company for 2023.	after consultation	directors without objections
2024.03.12 (The 2nd session of 2024)	1. Amendment to certain articles of the “Employee Compensation Distribution Regulations” of the Company. 2. Review of the remuneration of directors and managers of the Company for 2023.	Approved by the attending members without objection after consultation	Submitted to the board of directors and unanimously passed by all attending directors without objections

Additional information:

- I. If the Board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the Board, the content of the motion, the resolution of the Board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the Board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.
- II. If there is any adverse opinion or qualified opinion on record or in written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, content of the motion, opinions of all members and response to the opinions of the members: None.

(V) The state of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation:

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
I. Has the Company built up a governance framework for the advocacy of sustainable development, and established a full-time (part-time) body for the advocacy of sustainable development led by a senior officer at the authorization of the Board and under the supervision of the Board?	✓		1. The company's Administration Department also promotes the sustainable development of the company, led by senior executives, and collects issues of concern to various stakeholders as an important reference for formulating business strategies. Discuss relevant issues and formulate response strategies in annual meetings. After being reviewed by senior managers, communicate and integrate through various departments to supervise the progress of implementation, fulfill corporate social responsibility, and promote economic, environmental and social progress to achieve sustainable development goals. 2. On 15 June 2022, the company's greenhouse gas inventory and verification schedule were approved by the board of directors, and progress reports were submitted to the board quarterly.	It is expected to submit to the board in 2024 to authorize the Management Department to promote a full-time unit for sustainable development.
II. Has the Company conducted assessment on the risks inherent to the operation environment, social context, and issues of corporate governance under the principle of materiality, and mapped out the risk management policy or strategy? (Note 2)	✓		The company regularly collects major global issues, analyzes stakeholders and major issues based on the principle of materiality, including environment, society, corporate governance, etc., and formulates various risk management response policies with reference to the analysis results, and conducts regular meetings to communicate with the highest governance unit.	Expected to submit the Company's Risk Management Best Practice Principles to the Board of Directors in 2024.

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
III. Environmental Issues				
(I) Has the Company established appropriate environmental management system by nature of its industry?	✓		(I) Promote energy-saving and carbon-reduction plans and carry out pipeline renewal and major maintenance for air-conditioning pipelines and process air compressors to improve energy efficiency, energy conservation and carbon reduction. Each factory manager supervises each section for environmental management, and strictly implements the conservation of oil, electricity, water, and gas, air pollution control, and waste classification and transportation, so as to fulfill the responsibility of environmental protection.	(I) No material deviation.
(II) Has the Company made effort in upgrading energy efficiency and using regenerated materials for mitigating the impact on the environment?	✓		(II) The company has always been committed to reducing the amount of process residues and the impact on the environment. The implementation of the sizing-free plan has achieved remarkable results. The use of sizing and heavy oil has been reduced by 90%, and energy consumption, sewage treatment and discharge have been greatly reduced. The promotion of the recycling and reuse of carton consumables has greatly reduced the waste of resources. The unavoidable residues and domestic wastes in the process are strictly classified and stored properly, and the waste disposal agencies approved by the Environmental Protection Agency are entrusted to remove them.	(II) No material deviation.
(III) Has the Company assessed the potential risk and opportunity to the enterprise brought about by climate change, and taken appropriate measures in responding to climate change issues?	✓		(III) The company has replaced with LED lighting equipment that is certified by ISO 50001 energy management system certification. The company has turned off the lights after use, reduced the use of air	(III) No material deviation.

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			conditioners, increased the recycling of waste water, and promoted the concept of environmental protection and implemented it. The company has also promoted ISO14064 certification and implemented energy saving and carbon reduction and greenhouse gas reduction goals.	
(IV) Has the Company kept statistical data on the greenhouse gas emission volume, water consumption capacity and weight of solid wastes, and made policies of energy saving and carbon reduction, greenhouse gas reduction, efficient use of water or the management of solid wastes?	✓		(IV) The company has implemented policies to enhance energy efficiency by updating electricity-consuming equipment and reducing unnecessary electricity consumption. It primarily focuses on using renewable energy through the installation of solar power generation equipment. The company maintains detailed records and management of monthly water, electricity, and gas consumption. Waste management is reported on time.	(IV) No material deviation.
IV. Social Issues				
(I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Conventions on Human Right?	✓		(I) The Company's operating system complies with relevant labor laws and respects internationally recognized basic labor rights, and we prioritize safeguarding employees' legal rights and interests. The Company has established a "Work Rules" and "Employee Retirement Regulations", as well as formulated standard operating procedures (SOP) for various operations to provide clear guidelines for employees to follow and ensure their safety.	(I) No material deviation.
(II) Has the Company established and pursued reasonable employee benefit policies (including remunerations, leave and other benefits), and reflected operation performance or	✓		(II) According to Article 25 of the company's articles of association if the company has a profit surplus in the year, 2% should be allocated as employee	(II) No material deviation.

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
result appropriated in the remuneration to employees?			compensation. Employee remuneration is based on salary, promotion and evaluation, bonuses, and other relevant management regulations, taking into account performance evaluation results, including financial indicators such as shipment volume, achievement rate, and profit amount. The reasonableness of related performance assessments and compensation is reviewed by the Remuneration Committee and the board of directors.	
(III) Has the Company provided a safe and healthy environment for the employees at workplace, and provided education on safety and health at regular intervals?	✓		(III) The company regularly provides the sites for the local fire department to hold disaster prevention drills to enhance the disaster prevention awareness of employees and the community. There were no fire incidents in 2023. The company has formulated safety and hygiene manuals, stipulated safety management matters, and provided employees with regular health checks to ensure employees' health and safe working environment. For occupational safety and health management and measures to protect employees' personal safety in the work environment, please refer to pp.132-133.	(III) No material deviation.
(IV) Has the Company established effective career development planning and training program for the employees?	✓		(IV) In order to cooperate with the company's long-term development and to improve the quality of employees, the company has formulated the "Operational Measures for Education and Training Management" and plans the following talent training courses for pre-employment and on-the-job training.	(IV) No material deviation.

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(V) Regarding customer health and safety, customer privacy, marketing and labeling of product and services, has the Company complied with applicable legal rules and international standards, and established the policies for the protection of consumer or customer rights and procedure for complaints?	✓		(V) The non-terminal products of the company are directly sold to consumers and have an indirect relationship with consumers. Quality is the life of the company's sustainable operation even though there is no customer service line, the business department is very serious and responsible for handling product quality issues to ensure the rights and interests of customers and to maintain a long-term good relationship with customers.	(V) No material deviation.
(VI) Has the Company established policies for the management of suppliers and required suppliers to comply with applicable rules and regulations governing environmental protection, occupational safety and health, or human rights of the labor, and the pursuit of these policies?	✓		(VI) The company attaches great importance to the protection of the environment and society and selects the manufacturers with honest as the company and formulates "operating procedures for supplier management" in accordance with ISO9001 regulations, and regularly evaluates the suitability.	(VI) No material deviation.
V. Has the Company consulted the internationally adopted standard or guide in compiling its Sustainability Report for disclosure of non-financial information on the Company? Has the aforementioned reports been accredited or guaranteed by a third-party accreditation institution?		✓	The Company developed a corporate social responsibility code with reference to "Sustainable Development Best Practice Principles for TWSE Listed and TPEX Listed Companies"; whereas the company has not yet prepared for an ESG report.	The company will compile based on actual demand.
VI. If the Company has established the Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE Listed and TPEX Listed Companies", specify the variation between the practice and the principles: No material deviation.				
VII. Additional information that helps to understand the state of implementation of sustainability development initiatives:				

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(I) Environmental protection: Committed to developing and selling eco-friendly processed silk and dye-free yarn products, promoting the "Four No's" campaign: No water leakage, no oil leakage, no electricity leakage, and no air leakage. 1. Environmental Sustainability Policy (1) Abide by laws and related regulations. (2) Continuously improve the process and commit to pollution prevention and control. (3) Implement industrial waste reduction and improve energy (resource) efficiency. (4) Implement education and training to improve employees' environmental awareness and skills. (5) Continue to implement resource recycling and promote environmental awareness. (6) Communicate environmental performance to stakeholders through appropriate means. 2. The company is committed to environmental protection through three major aspects. (1) Conserve resources (Reduce): Conserve the resources consumed in the manufacturing process and simplify the product package. (2) Reuse (Recycle): Research and develop recycling technology, expand the scale of recycling and widely use it in products, to meet the trend of world environmental protection. (3) Alternative resources (Replace): Reduce dependence on exhaustive energy. (II) Health and Safety: Formulate work rules and SOPs for various operations, so that employees can follow their operations and work more safely. Set up labor safety and hygiene rooms, regular fire drills, labor health inspections and occupational safety education and training to ensure that relevant safety and fire protection inspection measures comply with laws and regulations. (III) Community participation, social contribution, social service, social welfare: The company adheres to the spirit of “Taken from society / Give back to society” and				

Promotion items	The state of promotion (Note 1)			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
			responds to the sponsorship of social charity activities and community activities from time to time. Regularly provide the sites for the local fire department to hold disaster prevention drills to enhance the disaster prevention awareness of employees and the community. (IV) Other social responsibilities: In order to fulfill the corporate social responsibility, the company has donated \$1 million to Kaohsiung Gas Explosion, and \$1 million New Taipei Water Park Fire. In order to carry out environmental protection and energy saving activities, the company and factories have replaced with LED lighting equipment, and continue to promote activities to protect the earth, such as reducing electricity consumption, turning off lights, resource recycling, energy saving and carbon reduction, and the concept of sustainable coexistence between human and nature. Additional accident insurance for employees, and maternity subsidies, parental leave and retirement reserves are provided to provide employees with life security and increase their willingness to give birth.	

Note 1: If “Y” is chosen for implementation, specify the important policies, strategies, measures and pursuit in concrete term. If “N” is chosen, explain in the column of “Variation from the Sustainable Development Best Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons” the variation and the reason, and specify related policies, strategies and measures planned for the future.

Note 2: Principle of materiality refers to issues related to the environment, society, and corporate governance that will cause significant influence on the investors and other stakeholders.

Note 3: For information on the means of disclosure, refer to the sample version of the best practice principles posted at the website of the Corporate Governance Center of Taiwan Stock Exchange Corporation.

(VI) The state of the company's performance in the area of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation:

Evaluation item	State of implementation (Note 1)			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
I. Establishment of the ethical corporate management policy and action plans (I) Has the Company made policies of ethical corporate management passed by the Board, and explicitly stated the ethical corporate management policy and related action plans, and the commitment of the Board and the senior management in the proper pursuit of the ethical corporate management policy?	✓		(I) The company has established the “Ethical Corporate Management Best Practice Principles”, and the General Management Office is responsible for the formulation and supervision of the integrity management policy and prevention plan, and regularly reports to the board of directors.	(I) No material deviation
(II) Has the Company developed the mechanisms for the assessment of the risk of unethical practices, and conducted analysis and assessed the kind of business activities vulnerable to the risk of unethical practices within the scope of operation at regular intervals, and mapped out the solution for preventing such practices covering at least the preventive measures as stated in Paragraph 2 under Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies”?	✓		(II) The company's “Ethical Corporate Management Best Practice Principles” clearly stipulates that all suppliers should abide by the code, do not accept gifts, do not accept kickbacks and prohibit related parties trading. If violation occurs, the relationship will be cut off in order to obtain the most reasonable quotation, the best quality and the best service. In order to ensure the implementation of ethics management, the company has established an effective accounting system and internal control system, and have internal auditors regularly check the compliance of the system.	(II) No material deviation

Evaluation item	State of implementation (Note 1)			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
(III)Has the Company mapped out the solution for preventing unethical practices, and specified the operation procedures, code of conduct, penalty on violation and the system for complaints in the solutions, and properly implemented the plans with routine review and revision of the aforementioned solutions? ✓			(III) The company has established “Procedures for Prevention of Unethical Conduct” to standardize relevant operational procedures and implement them accordingly.	(III)No material deviation
II. Practice of ethical corporate management				
(I) Has the Company assessed the record of integrity on the counterparties of trade, and explicitly stated the integrity clause in the contracts binding the counterparties and the Company?			(I) The company's “Ethical Corporate Management Best Practice Principles” clearly stipulates that before business transactions, the legitimacy of the transaction partner and whether there is a record of unethical behavior should be considered. Signing contracts with others should include compliance with the Integrity Business Policy.	(I)No material deviation
(II) Has the Company established a designated body charged with the advocacy of business integrity under ethical corporate management on a full-time basis under the direct supervision of the Board, and report to the Board of the ethical corporate management policy and the plans for prevention of unethical practices with monitoring on the enforcement of the plans at regular intervals (at least once a year)? ✓			(II) The company has not yet set up a full-time unit to promote corporate integrity management, and each department implements corporate integrity management under the corporate culture of honesty and integrity according to their responsibilities.	(II) No material deviation
(III) Has the Company established the policies for the	✓		(III) The company has established “work rules”,	(III) No material

Evaluation item	State of implementation (Note 1)			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
avoidance of the conflict of interest and appropriate channels for expression, and properly pursued these policies?			prohibiting colleagues from taking advantage of the power and opportunity from their positions and requesting to accept money, goods or other illegitimate benefits	deviation
(IV) For the proper pursuit of ethical corporate management, has the Company established an effective accounting system and internal control system, with related audit plans designed by the internal audit function on the basis of the findings of the assessment on the risk of unethical practices basing on which audit on prevention of unethical practice will be conducted, or CPAs will be delegated for conducting the audit? ✓	✓		(IV) In order to ensure the implementation of honest management, the company has established an effective accounting system and internal control system, and internal auditors regularly check the compliance of the preceding system.	(IV) No material deviation
(V) Has the Company organized internal and external training on ethical corporate management at regular intervals? ✓	✓		(V) Directors and management have actively participated in corporate governance courses and a code of ethics has been established. On 3 March 2023, an employee education training was conducted at the Howard Civil Service International House to promote corporate ethics and social responsibility.	(V) No material deviation
III. The state of implementation informing and complaint system of the Company				
(I) Has the Company established the informing and complaint system and channels for facilitating informing and complaint, and appointed designated	✓		(I) The company's general management office is the reporting and handling unit, and the handling will be in accordance with the procedures stipulated in the regulations. The handling method and	(I) No material deviation

Evaluation item	State of implementation (Note 1)			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
personnel to appropriately handle the personnel accused of unethical practice?			subsequent review and improvement measures should be reported to the board of directors.	
(II) Has the Company established the standard operation procedure for processing reports and complaints, the actions to be taken after the investigation, and the mechanisms of confidentiality?	✓		(II) The company's communication of opinions and objections should be handled in accordance with the procedures stipulated in the regulations, and the relevant supervisors have the responsibility to keep the information of the parties confidential.	(II) No material deviation
(III) Has the Company taken appropriate measures for the protection of the informants from undue treatment due to reporting on illegal or unethical practice?	✓		(III) The company keeps the whistleblower confidential in accordance with the regulations and will not be punished for the whistleblowing.	(III) No material deviation
IV. Additional disclosure of information Additional disclosure of information Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?	✓		The company has built a website that discloses company profile, basic information and financial information in a real-time, open and transparent way. And announce the “Ethical Corporate Management Best Practice Principles” on Market Observation Post System website.	No material deviation
V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies”, specify the practice and variation from the principles: No material deviation.				
VI. Any other vital information that helps to understand the practice of ethical corporate management better: (e.g.: review and revise the Ethical Corporate Management Best Practice Principles): (I) The company abides by the Companies Act, Securities Exchange Act, Business Accounting Act, regulations related to TWSE Listed and TPEX Listed				

Evaluation item	State of implementation (Note 1)			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Y	N	Summary Description	
Companies, or other laws and regulations related to commercial activities, as the basis for implementing trustworthy business operation. (II) The company's “Rules of Procedure for Meetings of Board of Directors” has established a system for the avoidance of directors' interests and has an interest or in itself or the legal person represented by the proposal listed in the board of directors. Those who may be harmful to the interests of the company may state their opinions and answer inquiries, may not participate in discussions and voting, and should withdraw from discussions and voting, may not exercise their voting rights on behalf of other directors. (III) The company has established the “Procedures for Handling Material Inside Information”, which clearly stipulates those directors, managers and employee should not disclose the material internal information they know to others. And one should not inquire or collect information which is unrelated to one’s personal duties from those who know the material internal information of the company that has not revealed to public. It is not allowed to disclose to others any undisclosed internal material information that is not known by the company because of the execution of business.				

Note: Either "Y" or "N" for the state of implementation requires summary description in the remark column.

(VII)For Inquiry of Corporate Governance Best Practice Principles and related rules and regulations, disclose how these are to be searched :

1. The Company's "Corporate Governance Best-Practice Principles", "Corporate Social Responsibility Policy", "Operational Procedures for Endorsement/ Guarantees", "Operational Procedures for Acquisition or Disposal of Assets", "Operational Procedures for Loaning of Funds", "Rules of Procedure for Meetings of Board of Directors" and "Rules of Procedure for Shareholder Meetings" and relevant procedures can be found in the handbook, company website, and MOPS.
2. Designate a person to be responsible for the collection and disclosure of company information and establish a spokesperson system to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely manner, strengthen information disclosure, and improve information transparency.

(VIII)Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: None.

(IX) The state of implementation of the company's internal control system:

1. Statement of Internal Control

Universal Textile Co., Ltd.
Statement of Internal Control

Date: 12 March 2024

The internal control system of the company in 2023, based on the results of self-assessment, hereby declares as follows :

- I. The company acknowledges and understands that the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers, and that the company has already established such system. The purpose of it is to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability, timeliness and transparency of reporting and the compliance with relevant legal rules
- II. There is limitation inherent to internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.
- III. The company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The Regulations are instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Regulations with which the procedure for effective internal control are composed by five elements, namely, 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each of the elements in turn contains certain audit items, and shall be referred to the Regulations for detail.
- IV. The company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.
- V. Based on the aforementioned audit findings, the company holds that it has reasonably preserved the achievement of the aforementioned goals of internal control (including the monitoring over the subsidiaries) on 31 December 2023, including the effectiveness and efficiency in operation, reliability, timeliness and transparency in reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.

- VI. his statement of declaration shall form an integral part of the annual report and prospectus on the company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
- VII. This statement of declaration has been approved by the Board on 12 March 2024. Among the presented 11 directors, no one held any objection, and the rest agreed with the contents of this statement, it is hereby declared this statement.

Universal Textile Co., Ltd.

Chairman:



President:



2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: Not applicable.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions of the special meeting of shareholders held on 30 May 2023:

Cause of action	Resolution	The state of implementation
1. Adoption of the 2022 Business Report and Financial Statements	1. The proposal has been approved as proposed without objection by all attending shareholders upon the chairman's consultation.	1. The relevant documents have been reported to and announced by the competent authorities in accordance with the provisions of the Company Act and the Securities and Exchange Act
2. Adoption of the Proposal for Distribution of 2022 Profits.	2. The proposal has been approved as proposed without objection by all attending shareholders upon the chairman's consultation.	2. The relevant forms have been reported to the competent authority and related announcements have been made in accordance with the Securities and Exchange Act and other laws and regulations.
3. Discussion on the Revision of Certain Articles of the “Articles of Association”.	3. The proposal has been approved as proposed without objection by all attending shareholders upon the chairman's consultation.	3. The relevant articles have been revised and have been announced on the company website.
4. Discussion on the Revision of Certain Articles of the “Rules of Procedure for Shareholders Meetings”.	4. The proposal has been approved as proposed without objection by all attending shareholders upon the chairman's consultation.	4. The relevant articles have been revised and have been announced on the company website.
5. Election of Directors for the 19th board of directors.	5. List of newly elected directors: Chen, Yao-Ming, Yang, Jen-Kai, Lee, Li-Hsen, representative of Everwin Capital Limited: Tseng, Ching-Hua, representative of Liang Haw Technology Co., Ltd.:	5. Completed the registration of change in accordance with the law on 7 June 2023.

Cause of action	Resolution	The state of implementation
6. Lifting non-compete restrictions for newly appointed directors and their representatives	Yu, Chun-Ping and representative of Shine Lee Investment Co., Ltd.: Li, Hsin Lin List of newly elected independent directors: Yeh, Yi-Chang, Chiu, Chih-Wei, Nakanishi Ryoichi 6. The proposal has been approved as proposed without objection by all attending shareholders upon the chairman's consultation.	

2. Summary of the proposal of the board meeting

Date	Material resolution
2023.03.14 (The 1st meeting in 2023)	1. Approved the proposal for 2022 distribution remuneration of directors and employees. 2. Approved the proposal for salary adjustment of Chairman and President. 3. Approved the promotion and salary adjustment of managers. 4. Approved the 2022 financial statements and consolidated financial statements. 5. Approved the proposal for distribution of 2022 profits. 6. Approved the discussion on the professional fees of CPAs. 7. Approved the discussion of the list of non-assurance services expected to be provided by Ernst & Young and its affiliated enterprises in 2023. 8. Approved the assessment of the independence of the CPAs. 9. Approved the submission of the results of the self-assessment for 2022 by the Audit Office. 10. Approved the revisions to certain articles of "Articles of Association". 11. Approved the revisions to certain articles of "Rules of Procedure for Meetings of Board of Directors". 12. Approved the revisions to certain articles of "Rules of Procedure for Shareholder Meetings". 13. Approved the proposal of election of directors. 14. Approved the list of candidates for the election of directors (including independent directors). 15. Approved the proposal of release the prohibition on newly elected directors of the 19th Board of Director and the representatives from participation in competitive business. 16. Approved the discussion on matters related to calling a Shareholders' Meeting of 2023. 17. Approved the motion to change the company's acting spokesperson. 18. Approved the proposal of to establish a "Chief Corporate Governance Officer". 19. Approved the proposal to establish a "Chief Information Security Officer". 20. Approved the discussion to renew the credit line with Mega International Commercial Bank. 21. Approved of the discussion to renew the credit limit with Taipei Fubon Commercial Bank. 22. Approved the discussion on disposal of the land and buildings of the company's Taoyuan Factory.

Date	Material resolution
2023.05.04 (The 2nd meeting in 2023)	1.Approved the Company’s 2023 Q1 Consolidated Financial Statements 2.Approved the installation of solar power generation equipment at the Changbin Factory.
2023.05.30 (The 3rd meeting in 2023)	1. Elected the chairman of the 19th board of directors of the company. 2. Approved the appointment of members of the Remuneration Committee of the company. 3. Approved the appointment of members of the Audit Committee of the company.
2023.06.12 (The 4th meeting in 2023)	1. Appointed the general manager of the company. 2. Approved the resolution of the 2023annual shareholders' meeting of the company to distribute a cash dividend of NT\$0.1 per share and set the ex-dividend record date.
2023.08.01 (The 5th meeting in 2023)	1.Approved the replacement of the company's CPAs. 2. Approved the Company’s 2023 Q2 Consolidated Financial Statements. 3. Approved amendments to certain articles of the Company’s “Audit Committee Charter”. 4. Approved amendments to certain articles of the Company’s “Remuneration Committee Charter”. 5. Approved amendments to certain articles of the Company’s “Rules Governing the Scope of Powers of Independent Directors”. 6. Approved the company's application for a credit limit with Cathay United Bank 7. Approved the establishment of the subsidiary company, Yunyao Investment Co., Ltd.
2023.08.15 (The 6th meeting in 2023)	1. Approved the intention to dispose of real estate at the company's Taoyuan plant.
2023.11.03 (The 7th meeting in 2023)	1. Approved the various remuneration items for directors and managers for 2024. 2. Approved the Company’s 2023 Q3 Consolidated Financial Statements. 3. Approved the Company’s internal audit plan for 2024. 4. Approved the company's budget for 2024. 5. Approved the withdrawal of the subsidiary establishment. 6. Approved the assessment of equity investments.
2024.01.16 (The 1st meeting in 2024)	1. Approved the change in the internal audit supervisor of the company. 2. Approved the change in the accounting supervisor and remunerations of the company. 3. Approved the distribution of year-end bonuses for directors and managers for the year 2023. 4. Approved the assessment of cooperative evaluations on equity investments.
2024.03.12 (The 2nd meeting in 2024)	1. Approved amendments to certain articles of the Company’s “Employee Compensation Distribution Regulations”. 2. Approved the proposal for 2022 distribution remuneration of directors and employees. 3. Approved the Company’s 2023 business report and financial statements. 4. Approved the proposal for distribution of 2023 profits. 5. Approved the professional fees of CPAs.

Date	Material resolution
	6. Approved the discussion of the list of non-assurance services expected to be provided by Ernst & Young and its affiliated enterprises in 2023. 7. Approved the assessment of the independence and suitability of CPAs. 8. Approved the results of the internal audit's self-assessment for 2023. 9. Approved amendments to certain articles of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". 10. Approved amendments to certain articles of the Company's "Corporate Governance Best Practice Principles". 11. Approved amendments to certain articles of the Company's "Sustainable Development Best Practice Principles". 12. Approved the revisions to certain articles of "Articles of Association 13. Approved amendments to certain articles of the Company's "Shareholders' meeting procedure rules" 14. Approved the venue, time, stock transfer suspension period, and agenda of the company's shareholders' meeting for 2023. 15. Approved the renewal of comprehensive credit facilities and export credit facilities with MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.. 16. Approved the renewal of comprehensive credit limits with Taipei Fubon Commercial Bank.

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, accounting supervisor, finance supervisor, internal audit supervisor, chief corporate governance officer, and chief research and development officer:

A summary of resignations and dismissals of key personnel of the company

30 April 2024

Title	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
Accounting Supervisor	LIN, YU-CHIN	2009/09/01	2024/01/16	Job adjustment
Internal Audit Supervisor	LIN,HONG-SHEN	2022/11/01	2024/01/16	Job adjustment

Note: "Key personnel of the Company" refers to the chairman, president, accounting supervisor, financial supervisor, internal audit supervisor, chief corporate governance officer, and chief research and development officer, etc.

V. Information on the professional fees of the attesting CPAs

(I) Audit fees:

Information on CPA Professional Fees

Unit: in NT\$ thousands

Name of accounting firm	Names of CPAs		Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young Taiwan	Huang, Tzu-Ping	Liu, Jung-Chin	Jan. 2023 - Dec. 2023	1,980	720	2700	Business and management needs
	Huang, Ching-Ya	Liu, Jung-Chin	April. 2023 – Dec. 2023				Internal job rotation

1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.
3. Non-audit fees:

Ernst & Young Taiwan:

The content of non-auditing fee includes NT\$200 thousand for tax audit and NT\$90 thousand for external confirmations and printing that were advanced and will be reimbursed, information environment audit service fee NT\$180 thousand and NT\$250 thousand for translation service for financial statements, annual reports, and handbook for annual meeting of shareholders.

VI. Information on replacement of CPAs

(I) Regarding the former CPAs

Date of replacement	Approved by the board of directors on 1 August 2023.		
Reason for replacement and explanation	Internal adjustment of the accounting firm		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		
	Circumstances	CPAs	The Company
	Terminated the engagement	N/A	N/A
	No longer accepted (discontinued) the engagement	N/A	N/A
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	N/A.		
Disagreement with the Company	Y		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Other
	None	P	
	Remark: N/A		
Other disclosures (Any matters required to be disclosed under sub-item d of Article 10.5.A)	None		

(II) Regarding the successor CPAs

Name of accounting firm	Ernst & Young Taiwan
Name of the CPAs	Huang, Ching-Ya and Liu, Jung-Chin CPAs
Date of engagement	Starting from the financial report of the Second quarter of 2023
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	N/A
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.

VII. Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed:

None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managers, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders

Title (Note 1)	Name	2023		Current fiscal year as at 30 April	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
President	YANG, JEN-KAI	5,000	-	-	-

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

Information on Transfers of Shareholding (None)

Name (Note 1)	Reason for transfer (Note 2)	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managers, and major shareholders	No. of shares	Transaction price
-	-	-	-	-	-	-

Note 1: Fill in the names of the directors, supervisors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2: Specify whether the shares are acquired or disposed of.

Information on Pledges of Shareholding (None)

Name (Note 1)	Reason for change in pledge status (Note 1)	Date of change	Counterpa rty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	Shares	Sharehold ing %	Pledge %	Amount borrowed under pledges (or redeemed)
-	-	-	-	-	-	-	-	-

Note 1: Fill in the names of the directors, supervisors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2: Specify whether it is a pledge or redemption.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

As at 1 April 2024, the closing of transfers of the shareholders' meeting

Name (Note 1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remark
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relations	
LIANG HAW TECHNOLOGY CO., LTD. Person in charge: ZHOU, FANG- RU	15,000,000	11.48%	0	0	0	0	—	—	
Everwin Capital Limited. Person in charge: RUAN, YU- JUAN	10,000,000	7.65%	0	0	0	0	—	—	
DAR YU ASSET MANAGEMENT CO., LTD. Person in charge: CHEN,YAO- MING	9,250,000	7.08%	0	0	0	0	—	—	
SHINE LEE INVESTMENT CO,LTD Person in charge: LI, HSIN-LIN	7,500,000	5.74%	0	0	0	0	—	—	
GU INTERNATIONAL CO., LTD Person in charge: GAO, FEN-FEN	5,950,000	4.55%	0	0	0	0	—	—	
LI,CHUN-YEN	3,766,000	2.88%	0	0	0	0	—	—	

Name (Note 1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remark
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relations	
TAIWAN TAFFETA FABRIC CO., LTD. Person in charge: JUANG,YAO- MING	2,867,836	2.19%	0	0	0	0	—	—	
Hongtu Investment Holdings Co., Ltd. Person in charge: YIN,TSUI- FENG	2,599,000	1.99%	0	0	0	0	—	—	
YEH,CHIA-HONG	2,477,493	1.90%	0	0	0	0	—	—	
LI,BO-RU	2,278,000	1.74%	0	0	0	0	—	—	

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled either directly or indirectly by the company

Total Ownership of Shares in Investee Enterprises

Unit: Shares; %

Unit: Shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
CHANG FU INVESTMENT CO., LTD.	3,000,000	100	0	0	3,000,000	100
HUNG YU TECHNOLOGY CO., LTD.	3,000,000	100	0	0	3,000,000	100

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

Chapter IV. Fundraising

I. Capital and shares

(I) Source of capital:

Month/ year	Issued price	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
June 1999	10	220,000,000	2,200,000,000	195,216,985	1,952,169,850	Approved by the Securities and Futures Commission, Ministry of Finance with Letter (88) Tai-Cai-Cheng (1) No. 57749 on 23 June 1999	None	None
September 2001	10	220,000,000	2,200,000,000	186,441,985	1,864,419,850	8,775,000 shares were cancelled	None	None
December 2001	10	220,000,000	2,200,000,000	178,000,985	1,780,009,850	8,441,000 shares were cancelled	None	None
April 2002	10	220,000,000	2,200,000,000	171,000,985	1,710,009,850	7,000,000 shares were cancelled	None	None
September 2003	10	220,000,000	2,200,000,000	179,551,034	1,795,510,340	Approved by the Securities and Futures Commission, Ministry of Finance with Letter Tai-Cai-Cheng (1) No. 0920130206 on 7 July 2003	None	None
September 2007	10	220,000,000	2,200,000,000	162,751,034	1,627,510,340	The subsidiary was deregistered in a short-form merger of 16,800,000 shares	None	None
April 2008	10	220,000,000	2,200,000,000	157,751,034	1,577,510,340	5,000,000 shares were cancelled	None	None
December 2008	10	220,000,000	2,200,000,000	147,751,034	1,477,510,340	10,000,000 shares were cancelled	None	None
July 2009	10	220,000,000	2,200,000,000	141,751,034	1,417,510,340	6,000,000 shares were cancelled	None	None
June 2010	10	220,000,000	2,200,000,000	138,667,034	1,386,670,340	3,084,000 shares were cancelled	None	None
March 2019	10	220,000,000	2,200,000,000	132,667,034	1,326,670,340	6,000,000 shares were cancelled	None	None
June 2020	10	220,000,000	2,200,000,000	130,666,034	1,306,660,340	2,001,000 shares were cancelled	None	None

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Type of stock	Authorized Capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	130,666,034	89,333,966	220,000,000	Listed shares

Note: Note whether the stock is stock of a TWSE or TPEX listed company

Information Relating to the Shelf Registration System (N/A)

Type of securities	Amount to be issued		Amount already issued		The purpose and anticipated benefits of the portion already issued	Scheduled issuance period for the unissued portions	Remark
	Total no. of shares	Amount approved	Total no. of shares	Amount approved			
-	0	0	0	0	-	-	-

(II) Shareholder structure:

Shareholder Structure

1 April 2024

Shareholder Composition Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
Shareholders	0	0	33	12,895	38	12,966
Quantity of shares	0	0	61,624,956	65,660,062	3,381,016	130,666,034
Proportion of Shareholding	0	0	47.16	50.25	2.59	100

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Chinese investors. “Chinese investors” means citizens, legal entities, groups, or other institutions of the China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from China Area to Invest in the Taiwan Area.

(III) Diffusion of ownership:

Distribution of Shareholding

A par value of NT\$10 per share

1 April 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1to 999	9,364	703,632	0.54
1,000 to 5,000	2,505	5,335,491	4.08
5,001 to 10,000	461	3,601,129	2.76
10,001 to 15,000	173	2,193,159	1.68
15,001 to 20,000	97	1,799,765	1.38
20,001 to 30,000	92	2,373,788	1.82
30,001 to 40,000	62	2,227,018	1.70
40,001 to 50,000	33	1,503,160	1.15
50,001 to 100,000	55	3,776,842	2.89
100,001 to 200,000	53	7,435,347	5.69
200,001 to 400,000	32	8,719,619	6.67

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
400,001 to 600,000	5	2,543,000	1.95
600,001 to 800,000	10	7,257,786	5.55
800,001 to 1,000,000	5	4,589,114	3.51
1,000,001 to 5,000,000	14	28,907,184	22.13
5,000,001 and above	5	47,700,000	36.50
Total	12,966	130,666,034	100.00

Preferred shares (N/A)

A par value of NT\$10 per share

1 April 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
-	-	-	-
-	-	-	-

(IV) List of major shareholder

List of Major Shareholders

1 April 2024

Shares Names of major shareholders	Shareholding (shares)	Shareholding (%)
LIANG HAW TECHNOLOGY CO., LTD.	15,000,000	11.48%
EVERWIN CAPITAL LIMITED	10,000,000	7.65%
DAR YU ASSET MANAGEMENT CO., LTD	9,250,000	7.08%
SHINE LEE INVESTMENT CO.,LTD	7,500,000	5.74%
GU INTERNATIONAL CO., LTD	5,950,000	4.55%
LI,CHUN-YEN	3,766,000	2.88%
TAIWAN TAFFETA FABRIC CO., LTD.	2,867,836	2.19%
HONGTU INVESTMENT HOLDINGS CO., LTD.	2,599,000	1.99%
YEH, CHIA-HONG	2,477,493	1.90%
LI,BO-RU	2,278,000	1.74%

(V) Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information:

Fiscal year		2022	2023	Current year to 31 March 2024 (Note8)
Item				
Market price per share (Note 1)	Highest	17.45	24.00	27.95
	Lowest	14.50	15.70	19.50
	Average	15.65	19.20	23.02
Net worth per share (Note 2)	Before distribution	12.50	20.62	12.60
	After distribution	12.40	18.12	--
Earnings per share	Weighted average shares	130,666 thousand shares	130,666 thousand shares	130,666 thousand shares
	Earnings per share (Note 3)	0.08	7.72	0.12
Dividends per share	Cash dividends	0.01	2.50	--
	Stock dividends	--	--	--
		--	--	--
	Accumulated undistributed dividends (Note 4)	--	--	--
Return on investment analysis	Price/earnings ratio (Note 5)	195.63	2.49	--
	Price/dividend ratio (Note 6)	1565	7.68	--
	Cash dividend yield (Note 7)	0.06	13.02	--

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year end. Calculate

the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) Company's dividend policy and implementation thereof:

1. The dividend policy of the company is as follows:

According to Article 25 of the Articles of Association of the Company, if the company has an annual profit (the so-called profit refers to the pre-tax interest less the benefits before the distribution of employee remuneration and director remuneration), 2% shall be allocated for employee remuneration and not more than 3% for directors' remuneration, but if the company still has accumulated deficit (including adjusting the amount of undistributed retained earnings), the amount of compensation shall be retained in advance. The remuneration of employees in the preceding paragraph may be in stock or cash, and the payment may include employees of subordinate companies who meet certain conditions. The remuneration of directors in the preceding paragraph can only be obtained in cash.

The first two items shall be resolved by the board of directors and reported to the shareholders' meeting.

According to Article 25-1 of the Articles of Association: The Company's dividend policy is based on current and future development plans, consideration of the investment environment, capital needs and domestic and foreign competition, and taking into account the interests of shareholders. The distribution of surplus is based on the principle of the company's continuing operation. If there is a net profit after tax in the final accounts, it shall first pay taxes and offset accumulated deficits (including the adjustment of the unappropriated retained earnings), and 10% shall be allocated as the legal reserve in accordance with the law, except when the legal reserve has reached the total paid-in capital of the Company. The special surplus reserve shall be withdrawn or reversed in accordance with the provisions of the decree or the competent authority. The remaining surplus, including the unappropriated retained earnings at the beginning of the same period (including the adjustment of the amount of the unappropriated retained earnings), shall be proposed by the board of directors to be distributed after the resolution of the shareholders' meeting. Given the long-term financial planning, the distribution of earnings should be no less than 30% of the current period's distributable surplus profit, of which the proportion of cash dividends should be no less than 10% of the current year's total dividends.” Which will be submitted for discussion at the 2023 annual meeting of shareholders.

2. Dividend distributions proposed at the most recent shareholders' meeting:

On 12 March 2024, the board of directors approved the following resolutions: 1. The cumulative distributable profits for 2023 of the company amounted to NT\$1,025,020,185, and it is proposed to allocate NT\$326,665,085 for cash dividends, with a dividend of NT\$2.50 per share. 2. Upon approval by the Annual Meeting of Shareholders, the board of directors is authorized to determine the ex-dividend date, payment date, and other relevant matters.

3. If a material change in dividend policy is expected, provide an explanation:

On 12 March 2024, the board of directors of the company resolved to amend Article 25 of the Articles of Association and added the following paragraph:

The company's dividend policy is in line with current and future development plans, considering investment environment, funding needs, domestic and international competition, and shareholder interests, with the principle of sustainable and stable operation. In the event of current period net profits after tax, taxes should be settled first, followed by compensating for accumulated losses (including adjusting undistributed surplus amounts), and then allocating 10% as statutory surplus reserves in accordance with the law, except when the cumulative statutory surplus reserves reach the total amount of the company's paid-in capital. Special surplus reserves may be allocated or reversed according to legal regulations or regulatory requirements. The remaining profits, along with undistributed surplus at the beginning of the period (including adjusted undistributed surplus amounts), should be proposed by the board of directors for distribution after resolution by the shareholders' meeting. For the distribution of profits, statutory surplus reserves, and capital reserves in whole or in part, if distributed in cash, the board of directors is authorized to do so with the attendance of two-thirds or more of the directors and a resolution by the majority of attending directors, and to report to the shareholders' meeting.

Dividends distribution should not be less than 20% of the current year's net profits after tax, minus the amount for compensating losses, and after setting aside statutory surplus reserves and special surplus reserves, unless the per share dividend falls below 0.1 yuan, in which case the board of directors may propose not to distribute dividends. The proportion of cash dividends should be no less than 10% of the total dividends for the current year. Which will be submitted for

discussion at the 2024 Annual Meeting of Shareholders.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(VIII) Profit-sharing compensation of employees and directors:

1. The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the company's articles of association: Please refer to the “dividend policy”.
2. The basis for estimating the amount of employee and director profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
Employee and director profit-sharing compensation refers to the deduction of the benefits before the distribution of employee and directors profit-sharing compensation according to pre-tax profits, and the provision of 2% is employee compensation and not more than 3% is directors' compensation. After the end of the year, if there is a material change in the amount of the resolution issued by the board of directors, the discrepancy shall be adjusted to the original annual fee, and if there is still a change in the amount until the date of the resolution of the shareholders' meeting, it will be treated according to the change in the accounting estimate and adjusted in the annual adjustment of the shareholders' meeting. If the shareholders' meeting decides to distribute the employee's compensation by shares, the number of shares dividends by dividing the amount of the dividend by the fair value of the shares, and the fair value of the shares refers to the closing price on the day before the resolution of the shareholders' meeting (after considering the impact of ex-dividends).
3. Information on any approval by the board of directors of distribution of profit-sharing compensation:

- (1) The board of directors of the company resolved on 12 March 12 2024, to allocate profits based on the net profit before tax (excluding employee compensation and director remuneration) for 2023, amounting to NT\$1,111,660,092. A 3% allocation for director remuneration was approved, totaling NT\$33,349,803, and a 2% allocation for employee compensation was approved, totaling NT\$22,233,202. The aforementioned amounts will be distributed in cash. (2) If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of

treatment shall be disclosed: No discrepancy.

- (3) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation: N/A.
4. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: The company has a pre-tax net loss of NT\$6,144,754 for 2022; hence, no profit-sharing compensation for employees and directors will be distributed. Which is consistent with the recognition of employee and director compensation in the financial statements.

(IX) Status of a company repurchasing its own shares:

(Repurchases Already Completed) 11 May 2021

Repurchase no. (Note)	9 th (term)
Purpose of repurchase	Maintaining the company's credit and shareholder equity.
Repurchase period	23 March 2020 to 20 May 2020
Repurchase price range	NT\$5.0 to NT\$9.0
Types and numbers of shares bought back	Common stock 2,001,000 shares
Amount of shares bought back	\$14,533,984
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	20.01%
The number of repurchased shares that have been cancelled or transferred	2,001,000 shares
Accumulated number of the Company's shares held by the Company	0 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0%

II. The annual report shall provide information on the company's issuance of corporate bonds, preferred shares, global depository receipts, employee share subscription warrants, new restricted employee shares and issuance of new shares (in connection with mergers or acquisitions or with acquisitions of shares of other companies)

- (I) Issuance of Corporate Bonds: None.
- (II) Preferred shares: None.
- (III) Global depository receipts: None.
- (IV) Employee share subscription warrants and new restricted employee shares: None.
- (V) Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

III. A description and status of implementation of the company's capital allocation plans

- (I) A description of the plans for the period as of the quarter preceding the date of publication of the annual report: None.
- (II) The status of implementation for the period as of the quarter preceding the date of publication of the annual report: None.

Chapter V. The overview of business operations

I. Description of the business

(I) Scope of business

1. Major lines of business:

- (1) Manufacture, processing, dyeing and finishing and marketing of various textiles.
- (2) Import and export trading business of raw materials, materials and finished goods related to the preceding item.
- (3) Commission construction companies to build commercial buildings and public housing rental and sales businesses.

2. Relative weight of each major lines of business:

According to the operating revenue for 2022, polyester fiber accounted for 67.1%, and polyester processed yarn accounted for 32.9%.

3. Current products (services):

Polyester processed yarn, long-fiber suit fabric, women's lightweight fabric and long and short-fiber interwoven and post-processing fabrics.

4. New products (services) planned for development:

TEXTURED YARN DEPARTMENT:

- A. Flame resistant yarns for home decor and baby strollers.
- B. Composite yarn series for industrial, bag, and ribbon use.
- C. Any type texture yarn.
- D. Specs, denier, filament count, luster, cross section, functionality, etc. are customizable according to demand for various processed yarns.

TEXTILE DEPARTMENT:

- A. According to the Company's target market, through the integration of information such as “collection of trending information” and “analysis of attitudes towards fashion among target consumer groups”, it predicts fashion trends such as popular themes, popular colors/fabric types/patterns, combined with trending styles, and applies them to fabrics development for trending cloth.
- B. Cooperate with domestic well-known cutting-edge designers to design clothing and to promote jointly.

- C. By utilizing sustainable environmental materials such as recycled, organic, and regenerated materials, we develop woolen fabrics to enhance environmental comfort.

(II) Marketing situation:

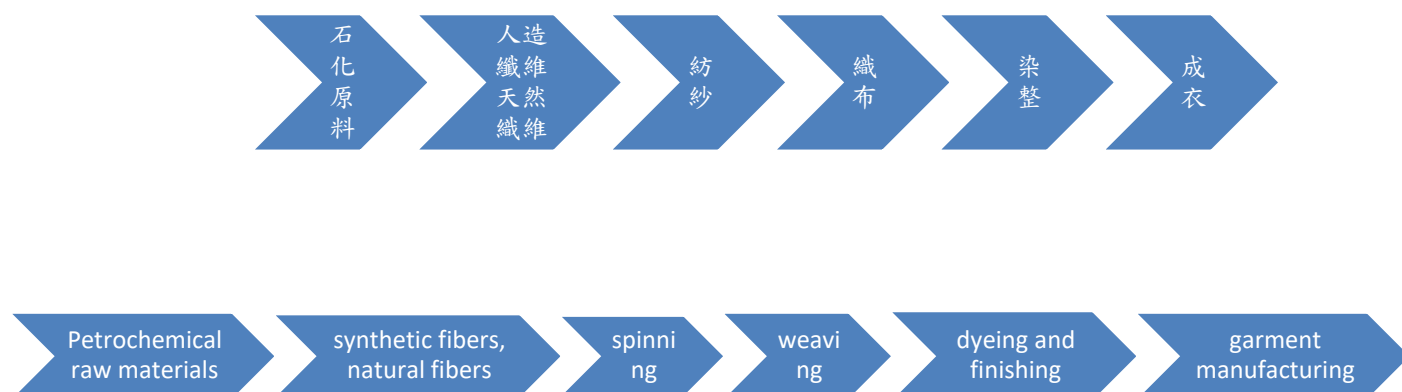
1. Current status and development of the industry

The textile industry in Taiwan is facing multiple unfavorable factors such as inflation, a slowdown in macroeconomic growth, political tension, and frequent extreme weather, which will affect the acquisition of raw materials and product sales for textile companies. The long-term downward adjustment of global crude oil prices will cause synthetic fiber products to experience greater price declines than natural fibers, especially cotton, which is affected by climate change, leading to an unstable supply and a relatively minor decline in cotton textile prices. The pressure of falling product prices will be greater than the space for cost reduction. In view of the continuation of the US-China trade war, the capital withdrawal caused by China's control policies, the acceleration of supply chain restructuring, the EU's "Carbon Border Adjustment Mechanism (CBAM)," the US's "Clean Competition Act (CCA)," Taiwan's National Development Council's "2050 Net Zero Emissions Roadmap," ESG reports regulated by the Financial Supervisory Commission, and the environmental protection appeals of brand companies such as Nike and Adidas, all increase the pressure on the textile industry to transform and become more environmentally friendly.

Due to geopolitical factors globally, the Russia-Ukraine war, and the situation of high interest rates and inflation, when people's incomes are limited, they will inevitably tighten their belts. However, the fourth quarter is the peak season for the textile industry. Although the destocking situation for polyester filament remains unchanged due to brand customers, there is still considerable momentum for the recovery of the apparel consumption market. If the FED cuts interest rates in 2024, coupled with the economic recovery in Europe and the United States, as well as improvements in China's situation,

especially with the 2024 Olympics, after the economic adjustment warms up and people's purchasing power restores, terminal demand will be able to recover and grow.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain



(1) Upstream:

The upstream raw materials of the textile industry include not only natural materials such as cotton, wool, silk, and linen, but also plastic raw materials, such as Ethylene Glycol (EG) and Pure Terephthalic Acid (PTA) used in the production of polyester products, Caprolactam (CPL) required for the production of nylon products, and Acrylonitrile (AN) needed for the production of acrylic cotton. In the production chain of man-made fibers, p-Xylene, PX is the petrochemical raw material for PTA, Ethylene for EG, and Naphtha for ethylene. Currently, in addition to domestic manufacturers, some of the raw materials for the textile industry are also imported from abroad, especially natural fibers.

The fluctuation of international crude oil prices will affect the price trend of upstream raw materials in the textile industry. The important petrochemical raw material CPL for nylon is highly correlated with oil prices, and PTA and EG will also be adjusted with oil prices. However, in addition to the impact of oil prices, the demand for downstream polyester products will also affect the prices of PTA and EG.

In 2023, oil prices remained weak despite the Israeli-Hamas war, with prices falling due to attacks by Houthi rebels in Yemen on oil tankers passing through the Red Sea in support of Palestinians. Shipping companies opted for longer routes to avoid attacks, causing freight rates to rise and oil prices to increase by about 8%. However, the impact of this region on global trade is limited, and with uninterrupted crude oil supply, it is estimated that oil prices will stabilize after the market digests the negative news. Although OPEC+ announced a production cut of over 4 million

barrels in 2024, the surge in production from non-OPEC countries has limited the upward momentum of oil prices, and demand remains weak. Therefore, it is estimated that oil prices will fluctuate between \$75 and \$95 in 2024.

EG is one of the raw materials of chemical fiber. After being polymerized with PTA, it becomes a raw material of polyester chemical fiber. It can be drawn into polyester filaments or woven into fabrics, and it is a major raw material for textiles and clothing with the potential to replace materials such as cotton. Due to the fact that EO (ethylene oxide), which is used to produce EG, is difficult to store and has explosive properties, manufacturers usually do not build up large inventories. Therefore, the price of EG often shows a tendency to rise and fall rapidly due to short-term changes in demand. As a result, its demand varies depending on the seasonal demand of downstream products.

PTA is produced by converting PX and using acetic acid as a solvent to undergo oxidation at high temperatures and appropriate pressures, and then refined. Currently, over 90% of PTA globally is used to produce polyethylene terephthalate (PET) chips, which are further divided into polyester fibers, polyester films, bottle-grade resins, and polyesters. The downstream extended products of PTA are mainly polyester fibers, commonly known as polyester. Polyester is a synthetic fiber in the chemical fiber industry. The synthetic fiber manufacturing industry is the largest and most branched sub-industry in the chemical fiber industry.

(2) Midstream:

The textile industry's midstream includes synthetic fiber products, natural fiber products, chemical additives, and yarns and fabrics made from these materials. Natural fibers can be classified into plant fibers and animal fibers. Plant fibers include cotton, hemp, jute, and ramie, while animal fibers include wool, rabbit hair, silk, and camel hair. As Taiwan's natural fiber production is limited and their production sources are unstable, artificial materials that are stable, inexpensive, and have properties similar to natural fibers, such as rayon and acetate fibers, are produced. When synthetic fibers are mixed with natural fibers and subjected to special processing and finishing, the resulting fabrics exhibit features such as non-shrinking, non-wrinkling, easy-to-wash, and quick-drying, thereby increasing the comfort of wearing.

Due to the lack of natural fibers in Taiwan, the proportion of synthetic fibers produced is as high as 85%. The domestic fiber series products are mainly polyamide (nylon) and polyester products. In addition to making nylon yarn and nylon processed yarn, nylon pellets can also be used to produce engineering plastics required for auto parts; Polyester pellets have a wider range of applications. In addition to being used for textile purposes to produce polyester yarn, polyester cotton and polyester processed yarn, they can also be used to produce polyester pellets and polyester films for bottles. Polyester pellets for bottles are mainly used to produce plastic bottles, and polyester films can be used to produce industrial, photoelectric and packaging films; Nylon yarn is used for clothing cloth, leather bag cloth, umbrella cloth, webbing, inner lining, swimsuit, underwear, ski suit, military backpack, etc. Because natural fibers have no obvious growth trend, and due to changes in the consumption habits of users in Europe and the United States, the consumption habits of synthetic fibers have spread to Asia. Therefore, the future textile industry will mainly focus on the increase in the production of synthetic fibers. Taiwan's textile industry has currently become the most complete production system in the industrial structure, and Taiwan's textiles are one of the main sources of raw material supply for the world's functional textile consumer market.

Taiwan's textile industry has been transitioning towards refinement and differentiation, embarking on a new path through the efforts of industry players. Benefiting from the rise of the sports trend, the importance of functional textiles has grown significantly. Taiwanese manufacturers in the functional textile industry value chain have become key suppliers to globally renowned clothing brands. Products have evolved to include multifunctional features such as windproof and breathable, waterproof and breathable, quick-drying, anti-pilling, elastic fit, lightweight insulation, and waterproof breathability. Moreover, with the integration of high technology industries with the textile sector, wearable products and applications related to smart clothing have emerged, showcasing Taiwan's competitive advantage. Currently, Taiwan supplies 70% of the world's internationally renowned brands with functional fabrics. Leading outdoor or sports brands worldwide have long been the target customers of Taiwan's textile industry. Notable sportswear brands like Nike, Under Armour, and Adidas are among those manufactured by Taiwanese companies. Taiwan has become a major supplier of synthetic fibers globally, with functional and

high-quality fabrics being characteristic of Taiwanese textile products. The European high-end market places high demands on environmental protection, making eco-friendly fabrics another new trend. From the sourcing of raw materials to the entire production process, environmental standards must be met. At present, Taiwanese factories are striving to obtain environmental certifications from international institutions, and dyes are being replaced with natural plant dyes, among other efforts, to actively produce environmentally friendly clothing and differentiate themselves in the Chinese market. In recent years, international renowned brands have increased the proportion of environmentally friendly materials in their clothing lines. The use of “recycled polyester” in new clothing items has been growing annually, with over 70% of styles adopting recycled polyester in the first half of 2023, demonstrating international brands' concrete support for global sustainability goals.

Taiwan has made significant progress in the development of functional textile materials, such as antibacterial and odor-resistant, fire-resistant, UV-resistant, eco-friendly, elastic, thermal, and cooling functional yarns. There are 3D filament yarns with properties like rapid sweat absorption, stretchability, stain resistance, and color retention, as well as bamboo charcoal fibers with functions like deodorization, moisture absorption, and mold prevention. New materials like recycled PET environmental yarns, which incorporate energy-saving and eco-friendly concepts, have also been developed and favored by internationally renowned sportswear brands.

(3) Downstream:

Dyeing, garment industry and other home textile industries are downstream of the textile industry. Dyeing is the most energy- and water-consuming part of the textile industry, but it also provides an important part of fabric product differentiation and added value. In response to international environmental protection requirements, the dyeing industry has recently focused on upgrading dyeing technology, developing low-carbon or environmentally friendly green products, in order to achieve energy saving and carbon reduction, and produce products that comply with international environmental protection regulations. Driven by the circular economy, recycling textiles such as old clothes and waste fabric to produce regenerated polyester pellets has become the latest recycled material in the market, following the recycling of discarded PET bottles and ocean garbage.

The garment and home textile industry are the ones with the highest processing level and added value in the midstream and downstream of the textile industry. However, due to domestic labor shortage, rising wages, and the rise of emerging countries (such as Indonesia, Turkey, Brazil, Vietnam, etc.), Taiwanese factories have gradually adjusted their industrial structure in recent years and shifted production to marketing, direct investment in overseas markets, and strengthen the development of product design capabilities, from the unique design style or functionality perspectives, such as functionality, warmth, quick-drying, breathable, nanotechnology, biomaterials technology, environmental protection technology, bactericidal effect, anti-electromagnetic waves, etc.

3. Product Development Trend and Competition

Due to the impact of the US-China trade war, global apparel brands have shifted their focus to Southeast Asia, opting for one-stop sourcing to reduce costs in response to tariffs. Consequently, Taiwan's textile upstream, midstream, and downstream industries, including raw materials, yarn, fabric, and garment manufacturers, have expanded their presence and formed alliances in Southeast Asia, creating an integrated supply chain. Southeast Asia has become the second production base for the textile industry apart from Taiwan. Despite the current downturn in the textile industry, textile factories are accelerating the expansion of production lines and capacity to compete for orders, thereby contributing to the recovery of operations. However, the cost of land in Vietnam, where many factories are located, has increased by more than tenfold, and labor wages have risen at a rate of 10% to 15% annually. In response to the rising costs of land and labor in Vietnam, Indonesia has emerged as another Southeast Asian production base for domestic textile factories, following the footsteps of Vietnam.

Taiwan's exclusion from the Regional Comprehensive Economic Partnership (RCEP) has placed the textile industry at a disadvantage. RCEP member countries form a new free trade area where over 90% of tariffs are abolished among member states. However, Taiwan's exclusion from RCEP has significant implications for its export-oriented textile industry, especially in terms of upstream raw material supply, which faces considerable competition. The textile industry is a labor-intensive industry, and factors such as aging equipment and an aging workforce may gradually reduce production efficiency. Digitizing the production process offers an opportunity for the textile industry to optimize

its operations by digitally integrating the entire supply chain, representing a form of smart manufacturing optimization.

Furthermore, China's announcement of suspending tariff reductions for certain products under the Economic Cooperation Framework Agreement (ECFA) from 2024 onwards, including twelve petrochemical products, has impacted manufacturers in Taiwan. Despite Taiwan's proactive global expansion and the development of differentiated products, the effects are more pronounced on manufacturers producing these specific textile products.

Currently, there is an increased adoption rate of digital tools such as digital design, 3D design tools, digital fabrics, digital color management, digital sampling, digital asset management, mixed reality displays, and virtual fitting rooms in the market. Taiwanese factories can leverage smart manufacturing and establish a fashion textile metaverse, offering consumers unique experiential services. Coupled with the development of functional, environmentally friendly, and recycled fabrics, integrating suppliers, vertical integration of the value chain, and digital product integration to meet the demand for one-stop, centralized procurement from brand customers. This positions Taiwan's textile industry for digital circular fashion readiness. Particularly, future environmentally friendly, carbon-reducing, and functional high-end products will dominate the international market. Eco-friendly textiles, biodegradable plastics, and natural materials such as cotton textiles will become mainstream in the market, enabling seamless integration with European and American brands, thereby contributing to shortening the production cycle and reducing environmental pollution.

(III) An overview of the company's technologies and its research and development work:

1. Research and development expenses for the most recent two fiscal years and up to the date of the printing of annual report:

Unit: in NT\$ thousands			
Year	2024 to the date of printing	2023	2022
Amount	3,996	18,360	9,383

2. Research and development work:

(1) TEXTURED YARN DEPARTMENT:

A. Various types of polyester processed yarns that mimic natural fibers, such as wool-like, linen-like, cotton-like, etc.

- B. Dual-tone polyester processed yarns: such as CD50% processed yarns, woolenex yarn, two-tone faux fur, faux linen yarns, etc., with natural two-color and speckled effects, that create various high-quality and trendy fabric textures.
- C. with a velvety luster and tactile effect, suitable for various home decor fabrics.
- D. Elastic yarn: 100% polyester natural elastic yarn with suitable mechanical elasticity through its physical properties.
- E. Fine denier processed yarns with a denier of 75 or less.
- F. Customization of specifications, denier, luster, cross section, etc. of various processed yarns according to customer demand.

(2) TEXTILE DEPARTMENT:

- A. Customized elastic fabrics with various specifications, uses and components.
- B. Moisture-absorbing and quick-drying, water-repellent, anti-fouling, etc. light functional processing with fashionable design, formal and casual series of fabrics.
- C. Laminating , Gold print, Emboss, Printing and other fashion functional fabrics.
- D. Cloth series for Muslim women's robes and men's robes
- E. Velvet luster and tactile, bernat velvet yarn home decoration fabrics.
- F. 100% polyester long fiber fabric, T/R interwoven fabric.
- G. Wool-like, cotton-like, hemp-like and other distinctive products that imitate the tactile and characteristics of natural fibers.
- H. Environmentally friendly green products: recycled fiber made from recycled materials, such as used plastic bottles, which is suitable for bags, clothing, and leisure fabrics.

(IV) The company's long- and short-term business development plans:

1. Long- term development plans

(1) Effects of Vertical Integration

The Company's production scope covers midstream polyester and downstream textiles and provide customers with consistent integration services from R&D to sales. In addition to increasing profit opportunities, the Company can also reduce operating costs through resource integration and is more capable of responding to fluctuations in raw material prices to ensure business performance and create a competitive advantage that is difficult for others in the same industry to surpass.

(2) Flexible Adjustment of Product Structure

Impacted by the Chinese manufacturers, general specification products have fallen into the red ocean market. In order to avoid vicious price competition with others in the same industry, the

Company actively explores the blue ocean market, focuses on the sales and R&D of differentiated products, and maintains profitability through flexible adjustment of product structure, increase in self-use ratio, and expansion of deep processing levels.

(3) Exploring potential markets

In addition to cultivating existing customers, it is also necessary to continue expanding new customer sources and develop high value-added products based on market demand. The Company pays close attention to the economic and trade conditions of each market, formulates different marketing strategies for each region, and establishes a global sales channel through close cooperation between the sales and production teams.

2. Short-term development plan

(1) Integrating the product planning, Textured yarn, and Textile departments' R&D and design capabilities to accelerate the development of high-value-added products. The Company actively participates in exhibitions in emerging countries and Europe and America, expands into new areas, and strategically layouts to seek new business opportunities and customers.

(2) By reorganizing the benefits of existing products, the Company aims to create new value for the current customers, while also deepening the relationships with valuable clients to pursue long-term and stable orders. The Company will cut into new customer supply chains by introducing anti-epidemic and environmentally friendly products as well as industrial fabrics and will utilize digital marketing through online platforms to directly engage with buyers and actively develop new customers through e-commerce operations.

(3) The introduction of AI and intelligent devices improves production efficiency and shortens the R&D timeline, keeping close to market demand and the development of advanced technologies in Europe, America and Japan, customer-oriented capacity planning, complete product R&D maps, and improving product yield.

(4) Introducing low-carbon technology to promote the circular sustainability of the textile industry is the research and development goal. Internally, optimization of equipment, processes, energy, and substitution of raw materials for recycling are conducted to achieve low-carbon benefits. Among these, process optimization and equipment optimization yield the best low-carbon efficiency. Using 2022 as the baseline year, the plan aims to reduce carbon emissions by 20% by 2025. Additionally, low-carbon process technology will be disseminated through industry alliances to demonstrate and

share best practices. The goal is to contribute to global carbon neutrality efforts while enhancing the company's market competitiveness.

II. Overview of production and marketing situation

(I) Market analysis:

Geographic areas where the main products are provided

The Company's main products are processed yarn and polyester fiber fabric, which are mainly used in the manufacturing of clothing and various types of fabrics. Processed yarn is mainly sold domestically, while polyester fiber fabric is sold to countries around the world. The exports accounted for approximately 49% of our total revenue for 2023, with major export markets including Asia, the Middle East, Europe, North America, and Central and South America.

Distribution of product sales by region for the last two years

Unit: in NT\$ thousands

Sales region \ Year		2023		2022	
		Amount	%	Amount	%
Export	Asia	418,300	30	300,534	20
	Europe	371,598	27	287,031	19
	America	61,859	5	118,812	8
	Other	15,649	1	24,978	2
Domestic sales		514,312	51	779,853	51
Total		1,381,718	100	1,511,208	100

2. Market share

According to the statistics of the Taiwan Textile Federation, the Company has a market share of approximately 1% in exports.

3. Demand and supply conditions for the market in the future, the market's growth potential, the company's competitive niche and future development:

(1) Future market supply

The company's products are long-fiber textiles, and the supply of raw materials comes from man-made fiber manufacturers. Due to the well-developed petrochemical industry in Taiwan, the supply of raw materials such as POY and DTY is abundant and the quality is stable.

(2) Future market demand

With the growing demand in the leisure market, the demand for lightweight and stretchable fabrics is growing. The Company aims to strengthen the research and development of lightweight and stretchable fabrics and collaborate with the upstream and downstream partners to jointly develop lightweight and fashionable fabrics.

(3) The demand for man-made fiber fabrics has been increasing year by year, and the Company has the advantage of vertical integration with weaving and upstream processing factories.

With a strong R&D and sales team, strict control over production quality and costs, the products have a certain market competitive advantage, and have a promising future for development.

4. Expected sales volume and the basis thereof:

The Company's sales target for 2024 is estimated based on factors such as production capacity, sales regions, and economic cycles. It is expected that the sale of filament fabrics will be 21.6 million yards the sale of processed silk will be 18,600 metric tons.

5. The positive and negative factors for future development

(1) Positive factors that will impact the future development

A Strong product demand:

Polyester fibers are widely used in household and industrial textiles due to their high strength, resistance to chemicals and wrinkles, as well as properties such as quick-drying fabric.

B Good quality and strong functionality: Polyester fiber is of a high-tech and capital-intensive industry. In recent years, the texture and touch of polyester filament fabrics have been continuously improved, and various functional products have been developed, which has increased the demand for polyester products.

C Excellent production and sales efficiency: In order to strengthen the international marketing, the Company not only has agents in the major markets worldwide, but also regularly sends personnel to conduct business surveys and market promotions around the world, effectively grasping local business conditions and trends. Furthermore, in order to promote the own brand and collaborate with international brands, the Company has been actively participating in various commercial affairs in recent years, with a good marketing channel. As for production, the Company owns various types of world-renowned weaving machines and false twisting machines with superior performance, making the Company capable of meeting the demands of small quantities and diverse styles. The skilled employees also contribute to high production efficiency.

D Control of the source supply of raw material: The man-made polyester industry in Taiwan has a complete upstream, midstream, and downstream supply chain which gives a stable supply of raw materials. The self-produced processed yarns by Changbin Factory provide a reliable

source of raw materials and enable the development of new yarn types for fabric mills, which can increase product differentiation, reduce costs, and enhance competitiveness.

(2) Negative factors that will impact the future development and the response

International regional economic integration such as RCEP, CPTPP, and EVFTA, as well as other trade agreements, have continued to reduce tariffs, and tariff barriers have an increasing impact on the competitiveness of our textile products, leading to the gradual weakening of the price competitiveness. The operating costs are increasing and affecting the international competitiveness.

Response:

- A. Improving manufacturing processes: Strengthening employee on-the-job training and industry observation to improve the production technology and yield of new functional products and work closely with downstream manufacturers to enhance the quality stability of finished products.
- B. Exploring new customer: Improving product innovation and quality, actively cooperating with clothing brand to create higher added value, and devoting to customer expansions in other emerging countries, diversifying the market, and reducing operational risks.
- C. Developing niche products: Grasping new fashion trends, developing new materials, introducing aesthetics, cultural creativity, etc., researching and developing fabrics with new textures, new colors, and new functions, gradually shifting to non-price competition, actively carrying out cross-industry integration, and using product innovation, uniqueness, and delicacy, design and construction of a complete supply chain system to deepen customer service and increase profit margins.
- D. Initiating carbon reduction measures, including process improvement, energy conversion, and circular economy, can be briefly outlined as follows:
 - 1. Process improvement: Short-term efforts involve upgrading process equipment and implementing intelligent production management systems; long-term efforts focus on adopting low-carbon processes.
 - 2. Energy conversion: Substituting natural gas for fuel and installing solar photovoltaic equipment to increase the proportion of low-carbon energy.
 - 3. Circular economy: Short-term investments in research

and development of recycled materials, low-pollution, or biomass materials are made to gradually increase the proportion of recycled materials as alternative raw materials in the long term. This aims to enhance competitiveness, achieve energy-saving goals, and fulfill corporate social responsibility.

- E. Increasing the reuse rate of textiles and enhancing the recyclability and reusability of products is the goal. Transforming the linear value chain of past materials-manufacturing-use-disposal into a circular recycling system ensures that materials in the value chain are not discarded after use but are transformed and utilized within the textile value chain loop for an extended period.



資料來源：聯合國環境規劃署《紡織品價值鏈可持續性和循環性報告》，2020.10.20

(II) Usage and manufacturing processes for the Company's main products.

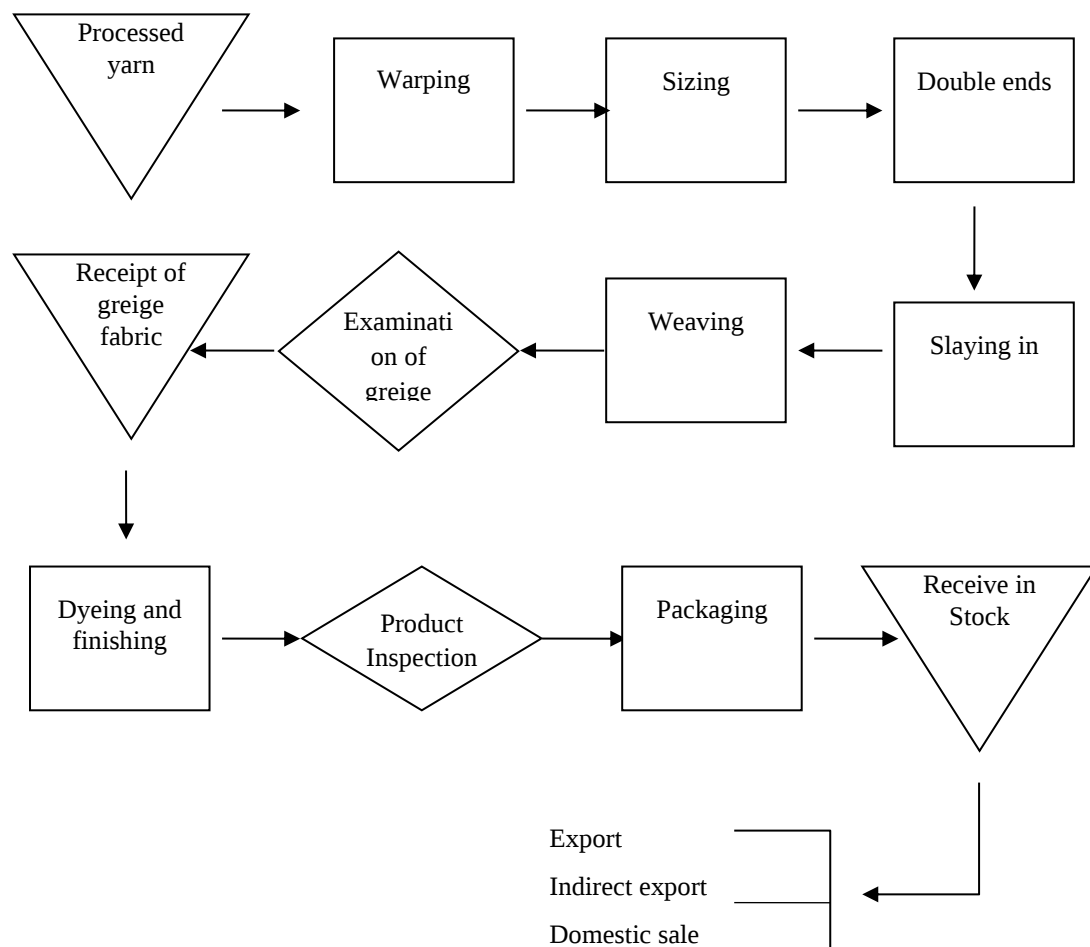
1. Usage of the main products:

(1) Synthetic fiber fabrics - Used in the production of various types of clothing.

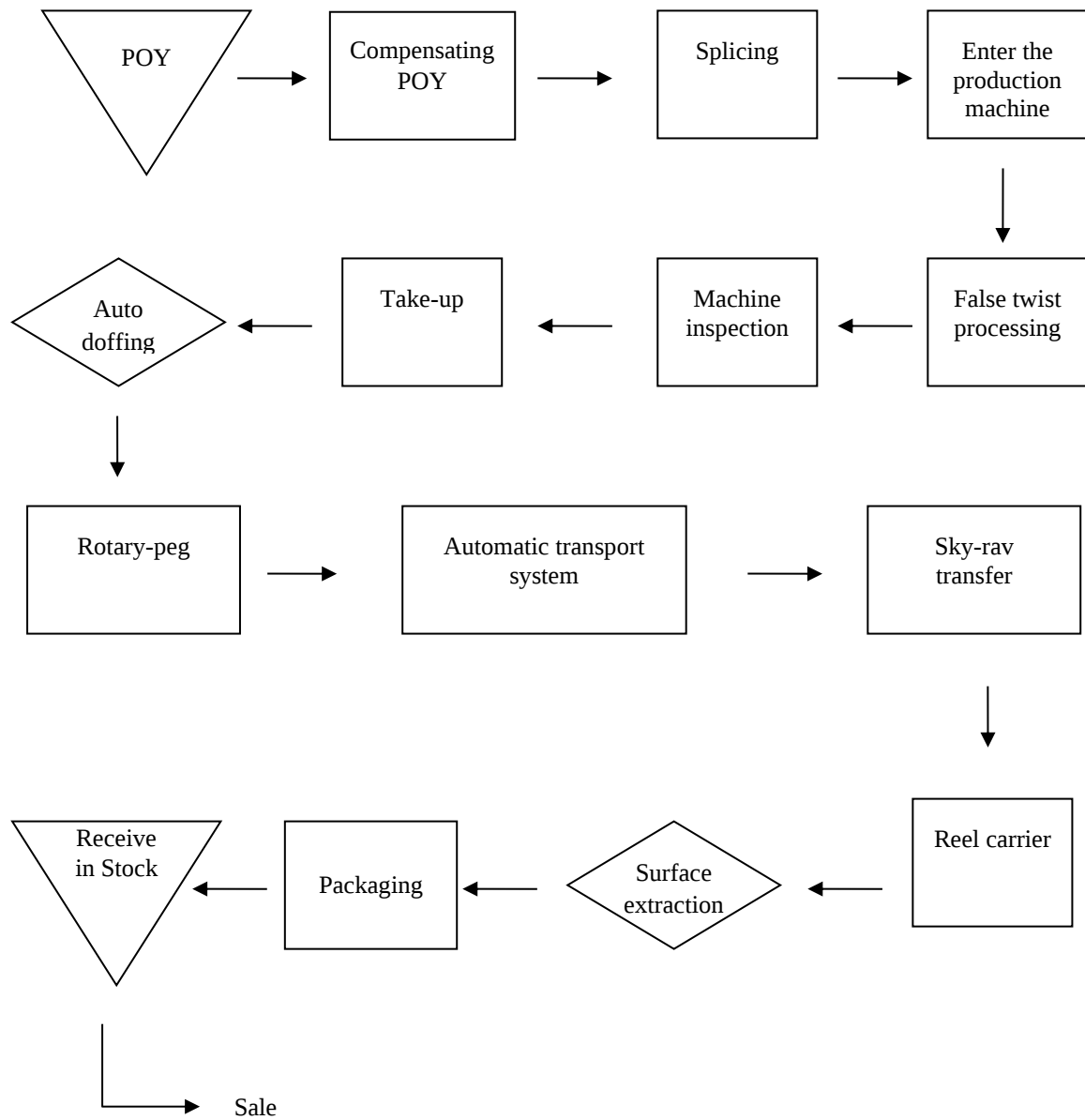
(2) Processed yarn - the raw material for weaving synthetic fiber fabrics.

2. Production Process:

(1) Weaving production:



(2) Processed yarn production:



(III) The state of supply of main raw materials.

The main raw material for the Company's production is polyester fiber processing yarn. There is sufficient domestic upstream polyester fiber production capacity, and the processing yarn produced by Changbin Factory not only fully meets the needs of weaving mills, but also has excess capacity for external sales. Therefore, there is no concern regarding the supply of raw materials.

(IV) The list of suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each:

Information on Major Suppliers for the Most Recent 2 Years

Unit: in NT\$ thousands

	2022				2023				Up to the preceding quarter of 2024 (Note 2)			
Item	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relationship with the issuer
1	A	198,667	23	None	A	175,506	29	None	C	47,524	24	None
2	B	122,460	14	None	D	75,276	13	None	D	31,970	16	None
3	C	113,542	13	None	E	55,306	9	None	B	20,691	10	None
4	D	89,139	10	None	F	54,380	9	None	E	17,416	9	None
	Others	338,850	40		Others	242,311	40		Others	79,804	41	
	Net purchases	862,658	100		Net purchases	602,779	100		Net purchases	197,405	100	

Reasons for increase or decrease: market prices and changes in product demand.

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought

from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: in NT\$ thousands

	2022				2023				Up to the preceding quarter of 2024 (Note 2)			
Item	Name	Amount	Percentage of annual net sales (%)	Relations hip with the issuer	Name	Amount	Percentage of annual net sales (%)	Relations hip with the issuer	Name	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relatio nship with the issuer
1	Client A	108,468	7	None	Client B	108,243	8	None	Client C	50,161	13	None
	Others	1,402,740	93	None	Others	1,273,475	92	None	Others	351,845	87	None
	Net sales	1,511,208	100		Net sales	1,381,718	100		Net sales	402,006	100	

Reasons for Increase or Decrease: Changes in market demand and development of client.

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

(V) An indication of the production volume for the 2 most recent fiscal years:

Production Volume and Value in the Most Recent 2 Fiscal Years

Monetary Unit: in NT\$ thousands

Output Fiscal year		2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products							
Synthetic Fiber Cloth	(Thousand yards)	26,825	375,991	272,351	25,233	16,806	391,997
Processed Silk	(Ton)	29,077	820,835	776,621	26,808	9,949	557,567
Total		-	-	1,196,826	-	-	949,564

Note: Synthetic fiber cloth is calculated based on the greige fabric.

(VI) An indication of the volume of units sold for the 2 most recent fiscal years:

Sales Volume and Value in the Most Recent 2 Fiscal Years

Monetary Unit: in NT\$ thousands

Sales Fiscal year		2022				2023			
		Domestic sale		Export		Domestic sale		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Main products									
Synthetic Fiber Cloth	(Thousand yards)	1,578	62,780	15,572	730,597	1,768	58,439	15,957	866,670
Processed Silk	(Ton)	12,412	716,555	9	758	8,324	452,682	9	736
Other (Note)		-	518	-	-	-	3,191	-	-
Total		-	779,853	-	731,355	-	514,312	-	867,406

Note: Sales include revenue from the sale of raw materials, greige fabric, and self-built property.

III. Overview of employees employed

Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

31 March 2024

Fiscal year		2022	2023	As at 31 March 2024 of the current fiscal year
Number of employees	Direct labor	205	201	190
	Indirect labor	122	122	117
	Total	327	323	307
Average age		46.30	43.43	43.42
Average years of service		14.27	12.53	12.34
Education distribution percentage (%)	Ph.D.	0	0	0
	Master's degree	5%	6%	6%
	College	32%	33%	35%
	Senior high school	29%	36%	36%
	Below senior high school	34%	25%	23%

IV. Disbursements for environmental protection

(I) The application, payment, or establishment of an environmental protection specialist unit for obtaining a pollution facility installation permit, a pollution discharge permit, or paying pollution prevention and control fees as required by laws and regulations: The sewage discharged from the Company's factory No.1 and No.3 has first been processed by the Company, and it was then discharged to the sewage treatment plant at the industrial park to be reprocessed. The takeover was completed on 30 November 1993 and 3 December 1998. The proof of the takeover: Letter Taiwan-Sheng-Zheng-Fu-Jian-She-Ting-Gui-Shan-Gong-Ye-Qu-Guan-Li-Zhong-Xin-Shan-Guan (III) No. 0721 and Letter Zhang-Bin-Gong-Guan (87) No.870908 obtained from Changhua Coastal Park Service Center. Due to the fact that the factory No.2 is located outside of the industrial park, the sewage discharge is handled by the Company itself, and the sewage treatment and discharge permit has been obtained from Taoyuan County with letter Huan-Pai-Xu No. H0139-00.

(II) The Company's products do not contain environmental directive products controlled by ROHS.

(III) The Company has suffered no loss including any compensation paid due to environmental pollution incidents in the last two years.

(IV) Expected capital expenditures on environmental protection: The environmental protection facilities invested and operated by the Company, and the treatments of air pollution, sewage, and waste are all treated in accordance with environmental protection laws and regulations and comply with environmental protection standards and regulations. There is no plan for major expenditures on environmental protection in the future.

V. Labor relations

(I) Current labor-management agreements and measures for preserving employees' rights and interests

1. Compensation system

Based on individual and organizational performance, the Company formulates an incentive variable compensation system, and states in the Company's articles of association to distribute part of the Company's net profit as employee profit-sharing compensation. The Company pays attention on the market salary dynamics and make appropriate adjustments to achieve the benefits of talent retention.

2. Insurance system

According to the laws and regulations, the Company provides employees with labor insurance, health insurance, and allocates the labor pensions according to the Labor Pension Act, and additionally provides group insurance.

3. Employee benefit plans

The Company has established an Employee Welfare Committee which allocates welfare funds in accordance with the law to carry out various

employee welfare measures, such as providing employees with marriage allowances, childbirth incentives, children's scholarships, employee travel incentives, and providing leisure clothing, etc. The Company also has a lactarium and has signed a contract with a childcare service institution to provide childcare services.

4. Continuing education and training

The Company conducts pre-employment training courses and functional on-site training for new recruits, and conducts performance evaluations based on the training results, so as to strengthen employee functions and improve business performance and competitiveness. In order to cooperate with the Company's long-term development and improve the quality of employees, the Company plans general training and professional courses, and internally invites employees to share professional skills with their colleagues through courses. Through talent training, every employee can maximize their potential. General training includes fire safety training, occupational safety education and training. Professional training is to send personnel to participate in the training courses of various training institutions according to the professional courses of each department and the knowledge required for work, such as: audit training, accounting training, executive management training, professional technical training, marketing training, and business training.

5. Retirement System

In accordance with the Labor Standards Act, retirement matters for colleagues are handled by establishing a Labor Retirement Reserve Supervisory Committee to review and supervise the use of retirement funds. Retirement funds are allocated on a monthly basis to the Labor Trust Account in the Bank of Taiwan to ensure the rights and benefits of retired colleagues. For colleagues who are eligible and have chosen to apply the New Labor Pension Scheme, monthly pension contributions are made to the individuals' labor pension account in accordance with the "Labor Pension Act". The Company established a labor pension fund account with the Central Trust of China in 1986 and established a "Labor Retirement Reserve Supervisory Committee" to supervise the use of pension funds. The committee meets regularly once a quarter, and it is sufficient that more than half of the labor representatives supervise the pension funds. The Company conducts pension actuarial calculation and appropriation regularly by Bojiu Co. every year. In July 2005, the Ministry of Labor launched a new system of labor pensions. In July 2005, the Ministry of Labor launched the new labor pension system. The company solicited the opinions of its employees in accordance with the law, and all employees who were converted to the new system and new hires are allocated a retirement pension of 6% of their full salary to their personal accounts. The old system seniority is retained, and retirement benefits are given in accordance with the law upon retirement. The retirement pension system covers 100% of formal employees.

6. Ethical management and code of ethical conduct

To promote the sustainable development of the Company and establish a culture of integrity, the Company has established management guidelines such as the “Ethical Management”, “Code of Ethical Conduct”, “Procedures for Ethical Management and Guidelines for Conduct” and other management standards. These guidelines ensure that directors, managers, and employees are committed to conducting business with integrity.

The Code of Conduct for Ethical Management includes: Prohibition of dishonest behavior, forms of benefit, compliance with laws, policies, prevention plans, commitments and execution, prohibition of infringement of intellectual property rights, honest and fair business practices, prohibition of unfair competition, prohibition of bribery and acceptance of bribery, prohibition of providing illegal political contributions, prohibition of inappropriate charitable donations or sponsorships, prohibition of unreasonable gifts, hospitality or other improper benefits, confidentiality agreements, organization and responsibilities, compliance with laws in business execution, avoidance of conflicts of interest for company personnel, accounting and internal controls, education, training and evaluation, reporting, disciplinary and complaint mechanisms, and information disclosure, etc.

The ethical management includes: Principles of integrity in business operations, prevention of conflicts of interest, prohibition of personal gain, confidentiality responsibilities, fair transactions, proper protection and use of company assets, compliance with laws and regulations, encouragement to report any illegal or unethical behavior, disciplinary actions and remedies, disclosure procedures, and more.

The content of the Procedures for Ethical Management and Guidelines for Conduct includes: procedures for prohibiting the provision or acceptance of improper benefits and processing of acceptance of improper benefits, avoidance of conflicts of interest, organization and responsibilities of the confidentiality mechanism, prohibition of disclosure of trade secrets, prohibition of insider trading, declaration of integrity management policies to the public, explanation of integrity management policies to business counterparts, avoidance of transactions with non-integrity businesses, handling of company personnel involved in non-integrity behavior, handling of non-integrity behavior by others towards the company, establishment of reward and punishment systems, complaint and appeal procedures, and disciplinary measures, etc.

7. The status of labor-management agreements and measures for preserving employees' rights and interests

All measures related to labor-management relations are in compliance with relevant laws and regulations, and the implementation is well-executed.

8. Occupational health and safety management and workplace safety measures

The “Occupational Safety and Health Management Measures” is the highest guiding principle of the Company's safety and health management. It is also the vision and goal of the company to establish a safe, healthy and comfortable working environment and to continuously reduce the rate of occupational accidents. The Company always takes safety operation as the primary consideration and uses risk management and continuous improvement management principles to strengthen hazard identification, actively improve workplaces, manufacturing equipment and operating methods, so as to effectively prevent occupational injuries and diseases to protect employees and safety and health of stakeholders. In order to ensure the safety and health of employees, the Company takes the following measures:

(1) Labor and management participation to build a safe and hygienic working environment:

The key to successful occupational safety and health management is the participation of all employees. The Company's production bases, according to their scale and nature, work with labor representatives to formulate safety and health work rules that suit their needs, and implement accident investigations and operating environment monitoring. In addition, the Company's occupational safety and health management can be operated through the Occupational Safety and Health Committee, and can also be improved through the labor-management meeting of each production site and employee proposals to improve the system. The Company encourages colleagues to be creative on safety and health issues and put forward suggestions for improvement, so as to create a safe and healthy working environment and expand labor participation.

(2) Working Environment Maintenance:

The Company's procurement of machinery, appliances, equipment, materials, raw materials and personal protective equipment is mainly based on the procurement management system of the Taiwan Occupational Safety and Health Management System (TOSHMS) to ensure that the purchased items are in the process of inspection on receipt, unloading, transports, storage, and that the safety and hygiene requirements in the process of mechanical equipment installation and other processes are in compliance with relevant regulations. In addition, in order to grasp the real state of the labor operation environment and evaluate the labor exposure situation, the Company has appointed a qualified work environment monitoring organization to monitor according to the work environment monitoring plan. If the monitoring results do not comply with the laws and regulations, further improvement measures or strengthening management will be

taken to improve the workplace environment, prevent occupational diseases, and maintain labor health.

(3) Employee Health Maintenance:

The Company implements employee health checks and management every year according to the law, hires special professional medical specialists and nurses, implements various health guidance based on the results of employee health checks, and implements analysis and recommendations of health grading management for employees working in operations with specific health danger after special health checks.

(4) Disaster Prevention Drill:

In order to prevent occupational accidents and protect the safety and health of employees, the company has formulated an “emergency response plan” to deal with accidents such as fire, typhoon, earthquake, statutory infectious diseases, and chemical leakage. In order to ensure the effectiveness of emergency reaction, the Company regularly conducts disaster prevention drills in different disaster situations several times a year to strengthen the ability of dealing with emergencies, so as to check the emergency reaction ability of employees in the event of accidents and familiarize themselves with the operation skills of various equipment, in order to avoid or reduce casualties, property losses and environmental impact, and protect the safety of employees in the plant and the residents nearby.

(5) Training for occupational safety and health personnel:

To ensure that every employee is familiar with the relevant occupational safety and health laws and regulations, as well as the Company's safety and health management mechanism, the Company regularly provides employee training courses related to safety and health.

- (II) List any losses suffered by the company in the most recent fiscal year due to labor disputes and disclose an estimate of possible expenses that could be incurred currently and, in the future, and measures being or to be taken: The company has maintained good labor relations, with no major labor disputes occurring.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework

In order to ensure the security of the Company's own and customers' partners' information assets, in view of the information security risk assessment and to protect the rights of the Company and its stakeholders, the Company established the Industry 4.0 Special Unit in 2022 and on 14 March 2023, the board of directors approved the establishment of a Chief

Information Security Officer to be responsible for drafting the annual information security strategy and integrating supervision and coordinate the annual information security plan, information security review benchmark; the Company coordinates relevant resources and cross-unit activities, coordinates information security incident management, plan information security education, formulate and implement information security audit operations; the Industry 4.0 Special Unit holds monthly executive meetings to review and make resolutions on information security and information protection guidelines and policies, and to implement the effectiveness of information security management measures.

2. Cyber security policies

The Company formulates methods and measures for information use and formulates personal data protection management points with reference to government regulations; collects and analyzes the latest information security-related laws and regulations at any time to formulate or revise relevant management methods and measures; regularly reviews the information security-related operations that need to be performed to ensure compliance with security policies.

3. Concrete management programs, and investments in resources for cyber security management

The company values information security risk control and protection, and implements strict control measures, such as the control of external transmission of data must go through application approval, mail system protection, data output control of printing and fax, network abnormality inspection, information equipment entry and exit must follow the procedures for application approval, prohibition of bringing in private storage devices, and prohibition of private equipment to take pictures or video recording, strengthening access control, authority needs to be re-examined regularly, giving all colleagues information security education and training through in-person or online courses. On the day when new employees arrive at the job, they will conduct information security education and training for newcomers, assist in understanding relevant information security regulations, and announce information security management and major information security incidents for awareness promotion. The employees regularly participate in various technical courses related to information security or hacker attack and defense. The Company trains information security technicians, strengthens physical protection, upgrades information security management and control, and purchases new equipment or introduces new technologies according to annual plans.

In recent years, there have been frequent cyber-attacks, especially ransomware, which has a wide range of impacts and has caused great damage to enterprises, so we should not take it lightly. The company

conducts in-depth analysis and discussion on major information security incidents domestically and abroad, such as transnational financial crimes, remote control of ATMs, international global financial system SWIFT infiltration transfers, corporate fraud, extortion, leaks, etc. The Company strengthens internal and external network attack protection, education and training awareness promotion, strict implementation of firewall policy review, host endpoint protection, network intrusion detection, anti-virus system updates, host system and network device vulnerability repair, zero-day attack protection, phishing email detection, abnormal behavior determination, computer room management, etc. Through the Company's information security maintenance platform, regular system checks, and improvements are carried out, and new technologies are introduced to strengthen data protection; the Company adheres to the business philosophy of mutual benefit and win-win, seeking truth from facts, creating value for customers and shareholders, and fulfilling social responsibilities.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year: None.

Chapter VI. Financial status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) 1. Consolidated Condensed Balance Sheet

Unit: in NT\$ thousands

Fiscal year Item		Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as at 31 March 2024 of the current fiscal year (Note 3)
		2019	2020	2021	2022	2023	
Current assets		956,656	898,203	855,153	974,943	1,998,790	1,137,725
Property, plant and equipment (Note 2)		880,570	836,243	814,333	803,323	669,768	599,949
Intangible assets		0	0	0	0	1,112	0
Other assets (Note 2)		190,905	236,401	340,915	352,515	434,828	350,023
Total assets		2,028,131	1,970,847	2,010,401	2,130,781	3,104,498	2,087,697
Current liabilities	Before distribution	187,818	213,526	201,931	346,502	317,246	290,556
	After distribution	214,351	239,659	201,931	359,568	643,911	(Note 4)
Non-current liabilities		165,271	164,425	162,072	151,242	93,492	150,148
Total liabilities	Before distribution	353,089	377,951	364,003	497,744	410,738	440,704
	After distribution	379,622	404,084	364,003	510,810	737,403	(Note 4)
Equity attributable to owners of the parent company		1,675,042	1,592,896	1,646,398	1,633,037	2,693,760	1,646,993
Capital stock		1,326,670	1,306,660	1,306,660	1,306,660	1,306,660	1,306,660
Capital reserve		143,986	110,460	23,698	1,294	1,450	1,451
Retained earnings	Before distribution	188,940	140,945	175,837	216,918	1,209,599	232,591
	After distribution	162,407	114,812	175,837	203,852	882,934	(Note 4)
Other equity		15,446	34,831	140,203	108,165	176,051	106,291
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	1,675,042	1,592,896	1,646,398	1,633,037	2,693,760	1,646,993
	After distribution	1,648,509	1,566,763	1,646,398	1,619,971	2,367,095	(Note 4)

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 4: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

2. Parent Only/ Individual Condensed Balance Sheet

Unit: in NT\$ thousands

Fiscal year Item		Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as at 31 March 2024 of the current fiscal year (Note 3)
		2019	2020	2021	2022	2023	
Current assets		926,564	864,853	819,032	936,740	1,965,726	N/A
Property, plant and equipment (Note 2)		880,570	836,243	814,333	803,323	669,768	
Intangible assets		0	0	0	0	1,112	
Other assets (Note 2)		220,947	269,531	376,638	389,436	467,802	
Total assets		2,028,081	1,970,627	2,010,003	2,129,499	3,104,408	
Current liabilities	Before distribution	187,768	213,306	201,533	345,220	317,156	
	After distribution	214,301	239,439	201,533	358,286	643,821	
Non-current liabilities		165,271	164,425	162,072	151,242	93,492	
Total liabilities	Before distribution	353,039	377,731	363,605	496,462	410,648	
	After distribution	379,572	403,864	363,605	509,528	737,313	
Equity attributable to owners of the parent company		1,675,042	1,592,896	1,646,398	1,633,037	2,693,760	
Capital stock		1,326,670	1,306,660	1,306,660	1,306,660	1,306,660	
Capital reserve		143,986	110,460	23,698	1,294	1,450	
Retained earnings	Before distribution	188,940	140,945	175,837	216,918	1,209,599	
	After distribution	162,407	114,812	175,837	203,852	882,934	
Other equities		15,446	34,831	140,203	108,165	176,051	
Treasury shares		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	1,675,042	1,592,896	1,646,398	1,633,037	2,693,760	
	After distribution	1,648,509	1,566,763	1,646,398	1,619,971	2,367,095	

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 4: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5: If the competent authority has notified the Company to make a correction or restatement to its

financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

3. Consolidated Condensed Statement of Comprehensive Income

Unit: in NT\$ thousands

Fiscal year Item	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as at 31 March 2024 of the current fiscal year (Note2)
	2019	2020	2021	2022	2023	
Operating Revenue	1,370,531	917,470	1,254,148	1,511,208	1,381,718	402,007
Gross Profit	70,694	(5,088)	84,082	119,118	185,649	65,251
Income (Loss) from Operation	(60,167)	(121,883)	(47,761)	(33,819)	(75,712)	22,116
Non-operating Income and Expenses	5,140	38,048	26,098	27,674	1,131,795	(2,505)
Income (loss) before income tax	(55,027)	(83,835)	(21,663)	(6,145)	1,056,083	19,611
Net Income (Loss) from Continuing Operations	(55,027)	(83,835)	(21,663)	(6,145)	1,056,083	19,611
Income (Loss) from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss)	(40,278)	(57,906)	(25,193)	10,988	1,008,381	15,673
Other Comprehensive Income (Loss) (after Tax)	(15,053)	16,520	104,686	(24,578)	65,253	(1,874)
Total Comprehensive Income (Loss)	(55,331)	(41,386)	79,493	(13,590)	1,073,634	13,799
Net Income Attributable to the parent company	(40,278)	(57,906)	(25,193)	10,988	1,008,381	15,673
Net Income Attributable to Non-Controlling Interests	0	0	0	0	0	0
Total Comprehensive Income Attributable to stockholder of the parent	(55,331)	(41,386)	79,493	(13,590)	1,073,634	13,799
Total Comprehensive Income Attributable to Non-Controlling Interests	0	0	0	0	0	0
Earnings per Share	(0.30)	(0.44)	(0.19)	0.08	7.72	0.12

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall

be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

4. Parent Only/ Individual Condensed Statement of Comprehensive Income
Unit: in NT\$ thousands

Fiscal year Item	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as at 31 March 2024 of the current fiscal year (Note2)
	2019	2020	2021	2022	2023	
Operating Revenue	1,370,531	917,470	1,254,148	1,511,208	1,381,718	N/A
Gross Profit	70,694	(5,088)	84,082	119,118	185,649	
Income (Loss) from Operation	(60,112)	(121,787)	(47,601)	(33,653)	(75,642)	
Non-operating Income and Expenses	5,085	37,782	25,590	27,508	1,131,719	
Income (loss) before income tax	(55,027)	(84,005)	(22,011)	(6,145)	1,056,077	
Net Income (Loss) from Continuing Operations	(55,027)	(84,005)	(22,011)	(6,145)	1,056,077	
Income (Loss) from Discontinued Operations	0	0	0	0	0	
Net Income (Loss)	(40,278)	(57,906)	(25,193)	10,988	1,008,381	
Other Comprehensive Income (Loss) (after Tax)	(15,053)	16,520	104,686	(24,578)	65,253	
Total Comprehensive Income (Loss)	(55,331)	(41,386)	79,493	(13,590)	1,073,634	
Net Income Attributable to the parent company	(40,278)	(57,906)	(25,193)	10,988	1,008,381	
Net Income Attributable to Non-Controlling Interests	0	0	0	0	0	
Total Comprehensive Income Attributable to stockholder of the parent	(55,331)	(41,386)	79,493	(13,590)	1,073,634	

Fiscal year Item	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial information as at 31 March 2024 of the current fiscal year (Note2)
	2019	2020	2021	2022	2023	
Total Comprehensive Income Attributable to Non-Controlling Interests	0	0	0	0	0	
Earnings per Share	(0.30)	(0.44)	(0.19)	0.08	7.72	

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be given specifying the specific circumstances and reasons.

(II) The name of the CPAs and the auditor's opinion given thereby for the past 5 fiscal years

Fiscal year	Name of CPAs	Auditor's opinion	Remark
2019	CHEN, PEI-DE and WU, SHIH-TSUNG	Unqualified opinion	
2020	CHEN, PEI-DE and WU, SHIH-TSUNG	Unqualified opinion	
2021	CHIEN, MING-YEN and CHEN, PEI-DE	Unqualified opinion	
2022	HUANG, TZU-PING and LIU, JUNG-CHIN	Unqualified opinion	
2023	HUANG, CHING-YA and LIU, JUNG-CHIN	Unqualified opinion	

II. Financial analyses for the past 5 fiscal years

1. Consolidated Financial analyses for the past 5 fiscal years

Fiscal year (Note 1) Item (Note 3)		Financial Information for the Most Recent 5 Years					As at 31 March 2024 of the current fiscal year (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure %	Debt to Assets Ratio	17.41	19.18	18.11	23.36	13.23	21.11
	Long-Term Capital to Property, Plant and Equipment Ratio	190.22	190.48	202.18	203.29	402.19	274.52
Liquidity %	Current Ratio (%)	509.35	420.65	423.49	281.37	630.04	391.57
	Quick Ratio (%)	240.51	243.55	231.83	164.68	520.75	181.47
	Interest Coverage Ratio	NA	(145.05)	(569.08)	(5.49)	742.11	53.16
Operating Performance	Accounts Receivable Turnover (times)	6.42	6.66	7.65	7.04	7.27	8.06
	Average Collection Days	56.84	54.80	47.69	51.81	50.20	45.28
	Inventory Turnover (times)	2.41	2.10	3.08	3.54	3.20	3.32
	Accounts Payable Turnover (times)	13.25	13.27	17.25	13.36	11.47	11.93
	Average Inventory Turnover Days	151.56	173.62	118.56	103.18	114.06	109.91
	Property, Plant and Equipment Turnover (times)	1.56	1.10	1.54	1.88	2.06	2.68
	Total Assets Turnover (times)	0.68	0.47	0.62	0.71	0.45	0.77
Profitability	ROA (%)	(1.94)	(2.87)	(1.26)	0.57	38.57	0.76
	ROE (%)	(2.35)	(3.54)	(1.56)	0.67	46.61	0.96
	Ratio of Pre-tax income to Capital (%)	(4.15)	(6.42)	(1.66)	(0.47)	80.82	1.50
	Net Profit Margin (%)	(2.94)	(6.31)	(2.01)	0.73	72.98	3.90
	Earnings per Share (NT\$)	(0.30)	(0.44)	(0.19)	0.08	7.72	0.12
Cash Flow	Cash Flow Ratio (%)	59.02	67.86	(75.37)	40.08	(7.98)	(20.54)
	Cash Flow Adequacy Ratio (%)	345.84	319.85	238.16	331.63	(18.50)	230.47
	Cash Flow Reinvestment Ratio (%)	2.96	3.94	(4.06)	3.84	(0.54)	(1.71)
Leverage	Operating Leverage	(3.41)	0.92	(4.30)	1.23	(4.09)	4.53
	Financial Leverage	1.00	1.00	1.00	0.97	0.98	1.02
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%)							
1. Due to the recognition of gains from the disposal of real estate, factories, and equipment amounting to \$1,115,116 thousand in 2023, related financial ratios experienced a change of over 20%.							

2. Parent Only/ Individual Financial analyses for the past 5 fiscal years

Fiscal year (Note 1) Item (Note 3)		Financial Information for the Most Recent 5 Years					As at 31 March 2024 of the current fiscal year (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure%	Debt to Assets Ratio	17.41	19.17	18.09	23.31	13.23	NA
	Long-Term Capital to Property, Plant and Equipment Ratio	190.22	190.48	202.18	203.29	402.19	
Liquidity%	Current Ratio (%)	493.46	405.45	406.4	271.35	619.80	
	Quick Ratio (%)	224.55	228.17	214.37	154.22	510.47	
	Interest Coverage Ratio	NA	(145.35)	(578.24)	(5.49)	742.11	
Operating Performance	Accounts Receivable Turnover (times)	6.42	6.66	7.65	7.04	7.27	
	Average Collection Days	56.84	54.8	47.69	51.81	50.20	
	Inventory Turnover (times)	2.41	2.10	3.08	3.54	3.20	
	Accounts Payable Turnover (times)	13.25	13.27	17.25	13.36	11.47	
	Average Inventory Turnover Days	151.56	173.62	118.56	103.18	114.06	
	Property, Plant and Equipment Turnover (times)	1.56	1.10	1.54	1.88	2.06	
	Total Assets Turnover (times)	0.68	0.47	0.62	0.71	0.45	
Profitability	ROA (%)	(1.94)	(2.87)	(1.26)	0.57	38.58	
	ROE (%)	(2.35)	(3.54)	(1.56)	0.67	46.61	
	Ratio of Pre-tax income to Capital (%)	(4.15)	(6.43)	(1.68)	(0.47)	80.82	
	Net Profit Margin (%)	(2.94)	(6.31)	(2.01)	0.73	72.98	
	Earnings per Share (NT\$)	(0.30)	(0.44)	(0.19)	0.08	7.72	

Fiscal year (Note 1) Item (Note 3)		Financial Information for the Most Recent 5 Years					As at 31 March 2024 of the current fiscal year (Note 2)
		2019	2020	2021	2022	2023	
Cash Flow	Cash Flow Ratio (%)	59.06	68.39	(77.58)	35.76	(7.64)	
	Cash Flow Adequacy Ratio (%)	323.69	352.09	231.73	309.42	(17.21)	
	Cash Flow Reinvestment Ratio (%)	2.99	4.01	(4.21)	3.47	(0.81)	
Leverage	Operating Leverage	(3.41)	0.92	(4.31)	1.24	(4.09)	
	Financial Leverage	1.00	1.00	1.00	0.97	0.98	
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%) 1.Due to the recognition of gains from the disposal of property, plant and equipment amounting to \$1,115,116 thousand in 2023, related financial ratios experienced a change of over 20%.							

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial Structure

(1) Debt to Assets Ratio = Total liabilities / Total assets.

(2) Long-Term Capital to Property, Plant and Equipment Ratio = (Total equity + Non-current liabilities) / Property, Plant and Equipment (net).

2. Liquidity

(1) Current Ratio = Current assets / Current liabilities.

(2) Quick Ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities.

(3) Interest Coverage Ratio = Net income before income tax and interest expense / Interest expense for the current period.

3. Operating Performance

(1) Accounts Receivable (including accounts receivable and bills receivable arising from business operations) Turnover = Net sales / Average balance of receivables for each period (including accounts receivable and bills receivable arising from business operations).

(2) Average Collection Days = 365 / Accounts receivable turnover.

(3) Inventory Turnover = Cost of sales / Average inventory amount.

(4) Accounts Payable (including accounts payable and bills payable arising from business operations) Turnover = Cost of sales / Average balance of payables for each period (including accounts payable and bills payable arising from business operations).

(5) Average Inventory Turnover Days = 365 / Inventory turnover.

(6) Property, Plant and Equipment Turnover = Net sales / Average property, plant and

equipment (net).

(7) Total Assets Turnover = Net sales / Average total assets.

4. Profitability

(1) ROA = [Profit and loss after tax + Interest expense × (1 - tax rate)] / Average total assets.

(2) ROE = Profit and loss after tax / Average total equity °

(3) Net Profit Margin = Profit and loss after tax / Net sales.

(4) Earnings per Share = (Profit and loss attributable to the owner of the parent company - special dividend) / Weighted average number of shares issued. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net cash flow from operating activities / Current liabilities.

(2) Net Cash Flow Adequacy Ratio = Net cash flow from operating activities in the last five years / (Capital expenditures + Increase in inventory + Cash dividend) of the last five years.

(3) Cash Flow Reinvestment Ratio = (Net cash flow from operating activities - Cash dividend) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Operating capital). (Note 5)

6. Leverage :

(1) Operating Leverage = (Net operating income - Variable operating costs and expenses) / Operating profit. (Note 6)

(2) Financial Leverage = Operating profit / (Operating profit - Interest expense).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation

1. The calculation should be based on the weighted average number of shares of common stock, not the number of shares outstanding at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year (whether paid or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the preferred share is of a non-cumulative nature, and if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 5: When analyzing cash flow, special attention should be paid to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flow.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as nil.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. The gross of property, plant and equipment is the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and

variable according to their nature. If an estimate or subjective judgment involved, attention should be paid to rationality and consistency should be maintained.

Note 7: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid-in capital previously stated shall be calculated as the ratio of equity attributable to the owners of the parent company on the balance sheet.

III. Audit Committee's report for the most recent year's financial statement.

Universal Textile Co., Ltd.
Audit Committee's Review Report



The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for the distribution of profit. The CPA firm of Ernst & Young, represented by CPAs Huang-Ching Ya and Jung-Chin Liu, was retained to audit the Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for the distribution of profit have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely

Universal Textile Co., Ltd.

2024 ANNUAL SHAREHOLDERS' MEETING

Chairperson of the Audit Committee: YEH, YI CHAN



12 March 2024

IV. Financial statement for the most recent fiscal year

UNIVERSAL TEXTILE CO., LTD

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of the Company as of and for the year ended 31 December 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, The Company and its subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

UNIVERSAL TEXTILE CO., LTD

CHEN,YAO-MING

Chairman

12 March 2024

Independent Auditors’ Report Translated from Chinese

To UNIVERSAL TEXTILE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of UNIVERSAL TEXTILE CO., LTD. (the “Company”) and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion ,the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and 2022, and its consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2023 consolidated financial statements. 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.

Revenue recognition

The company mainly sales textured yarns and synthetic fabrics, the industry are greatly affected by market supply and demand. The operating revenues amounted to NT\$1,381,718 thousand for the year ended 31 December 2023 compared with NT\$1,511,208 thousand for the year ended 31 December 2022 decreased about 8.57%, among which the sales revenue from specific customers increased significantly. The operating revenue was NT \$456,037 thousand for the year ended 31 December 2023, accounting for about 33.00% of the overall operating revenue, therefore, the accountant in this year's review, the authenticity of operating revenue recognition is listed as a key audit matter.

The audit procedures of the accountants included (but not limited to), understanding and evaluating the accounting policies for revenue recognition; understanding and testing the effectiveness of relevant internal control design and implementation; selecting samples for operating revenue details, and performing transaction detail tests, Review the major clauses in the contract and test the five steps of revenue recognition and check the relevant transaction certificates to evaluate and judge the correctness of the performance obligation and the timing of its satisfaction and verify the authenticity of the transaction; for before and after the balance sheet date for transactions over a period of time, analyze whether the changes are reasonable, and select samples to perform the cut-off point test; analyze the sales situation by customer, products, and region to understand the rationality of changes in operating revenue. Please refer to the consolidated financial statement Notes 4 and 6 indicate the appropriateness of the disclosure of operating income.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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. Misrepresentation may 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 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 internal control of the Group.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2023 consolidated financial statements 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.

And others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Ernst & Young, Taiwan

Huang, Ching Ya

Liu, Jung Chin

12 March 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December 2023 and 31 December 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2023	2022
Current assets			
Cash and cash equivalents	4, 6(1) and 12	\$1,242,589	\$302,038
Current financial assets at amortised cost	4, 6(1) and 12	211,410	46,065
Net accounts receivable	4, 5, 6(3) and 12	15,603	19,407
Accounts receivable, net	4, 5, 6(3) and 12	164,053	172,671
Accounts receivable-related parties, net	4, 5, 6(3) and 12	5,010	3,316
Other receivables		3,842	6,727
Current income tax assets		557	51
Inventories	4, 5 and 6(4)	344,909	402,594
Other current assets		10,817	22,074
Total current assets		1,998,790	974,943
Non-current assets			
Financial assets at fair value through other comprehensive income, noncurrent	4, 6(5) and 12	332,150	260,838
Property, plant and equipment	4 and 6(6)	669,768	803,323
Right-of-use assets	4 and 6(13)	465	1,045
Intangible assets		1,112	-
Deferred tax assets	4 and 6(16)	85,083	88,482
Other non-current assets		17,130	2,150
Total non-current assets		1,105,708	1,155,838
Total assets		\$3,104,498	\$2,130,781

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of 31 December 2023 and 31 December 2022
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Note	As of 31 December	
		2023	2022
Current liabilities			
Short-term loans	4, 6(8) and 12	\$ -	\$80,000
Contract liabilities, current	4 and 6(11)	48,301	60,013
Notes payables	12	20,740	50,542
Accounts payable	12	64,605	71,414
Accounts payable-related parties, net	12	1,295	-
Other payables	6, (7) and 12	177,445	83,666
Lease liabilities, current	4, 6(13) and 12	398	580
Other current liabilities		4,462	287
Total current liabilities		317,246	346,502
Non-current liabilities			
Deferred tax liabilities	4 and 6(16)	62,882	120,369
Lease liabilities, noncurrent	4, 6(13) and 12	71	469
Deferred revenue		6,359	-
Net defined benefit obligation, noncurrent		23,560	29,784
Guarantee deposits received	12	620	620
Non-current liabilities		93,492	151,242
Total liabilities		410,738	497,744
Equity	4 and 6(10)		
Capital			
Common stock		1,306,660	1,306,660
Additional paid-in capital		1,450	1,294
Retained earnings			
Legal reserve		1,520	-
Special reserve		69,236	201,716
Unappropriated retained earnings		1,138,843	15,202
Subtotal		1,209,599	216,918
Other Components of equity			
Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income		176,051	108,165
Total equity		2,693,760	1,633,037
Total liabilities and equity		\$3,104,498	\$2,130,781

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Note	For the years ended 31 December	
		2023	2022
Operating revenues	4, 6(11) and 7	\$1,381,718	\$1,511,208
Operating costs	6(4)	(1,196,069)	(1,392,090)
Gross profit		185,649	119,118
Operating expense	6(14)		
Sales and marketing expenses		(122,021)	(113,273)
General and administrative expenses		(118,798)	(33,076)
Research and development expenses		(18,360)	(9,383)
Expected credit gain (loss)	6(12)	(2,182)	2,795
Total operating expenses		(261,361)	(152,937)
Operating loss		(75,712)	(33,819)
Non-operating income and expenses	4 and 6(15)		
Other income		20,466	13,048
Other gains and losses		1,112,754	15,573
Finance costs		(1,425)	(947)
Total non-operating income and expenses		1,131,795	27,674
Income from continuing operations before income tax(loss)		1,056,083	(6,145)
Income tax (expense) benefit	4 and 6(16)	(47,702)	17,133
Net income		1,008,381	10,988
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(3,291)	9,326
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		67,886	(32,038)
Income tax related to items that will not be reclassified subsequently		658	(1,866)
Total other comprehensive income, net of tax		65,253	(24,578)
Total comprehensive income		\$1,073,634	\$(13,590)
Earnings per share (NTD)	6(17)		
Earnings per share-basic		\$7.72	\$0.08
Earnings per share-diluted		\$7.65	\$0.08

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNIVERSAL FUTURE HOLDING AND SUBSIDIARIES
(INCORPORATED IN THE REPUBLIC OF CHINA)
CONSOLIDATED BALANCE SHEET OF OWNERS' EQUITY
For the Year Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Notes	Total equity attributable to owners of parent				Other Components of Equity		
	Capital	Additional paid-in capital	Legal reserve	Retained earnings	(Accumulated deficit) Unappropriated retained earnings	Unrealized Gain (Losses) on Equity Instruments Measured at Fair Value	Total equity
6(10)	\$1,306,660	\$23,698	\$-	\$301,716	\$(25,879)	\$140,209	\$1,846,398
Balance as of 1 January 2022							
Other changes in additional paid-in capital		229			22,633		229
Capital surplus transferred from unclaimed dividends		(22,633)			10,988		10,988
Capital surplus used to offset accumulated deficits					7,460	(32,035)	(24,575)
Net income in 2022					18,448	(32,035)	(13,587)
Other comprehensive income in 2022							
Total comprehensive income		\$1,294	\$-	\$301,716	\$15,202	\$108,165	\$1,633,037
Balance as of 31 December 2022	\$1,306,660	\$1,294	\$-	\$301,716	\$15,202	\$108,165	\$1,633,037
Balance of 1 January 2023							
Appropriation of earnings							
Legal reserve			1,520		(1,520)		
Special reserve			(132,480)		132,480		
Common stock - cash dividend					(13,067)		(13,067)
Other changes in additional paid-in capital		156					156
Capital surplus transferred from unclaimed dividends					1,008,381		1,008,381
Net income of the year ended in 31 December 2023					(2,633)		65,253
Other comprehensive income of the year ended in 31 December 2023					1,005,748		1,073,634
Total comprehensive income		\$1,150	\$1,520	\$69,236	\$1,138,843	\$176,051	\$2,693,760
Balance as of 31 December 2023	\$1,306,660	\$1,150	\$1,520	\$69,236	\$1,138,843	\$176,051	\$2,693,760

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Notes	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income (loss) before tax	\$1,056,083	\$(6,145)
Income and expense adjustments:		
Depreciation	32,110	33,297
Amortization	730	519
Expected credit (gain) loss	2,182	(2,795)
Net loss on financial assets or liabilities at fair value through profit or loss	-	(1,454)
Interest expense	1,425	947
Interest income	(5,799)	(721)
Dividend income	(5,021)	(9,008)
Gains on disposal of property, plant and equipment	(1,124,977)	(2,642)
Inventory valuation losses (gain)	(15,809)	63,469
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	17,605
Decrease in notes receivable	3,804	21,411
Decrease in accounts receivable (including related parties)	4,742	19,615
Decrease/(Increase) in other receivables	3,229	(4,030)
Decrease/(Increase) in inventories	73,494	(81,595)
Decrease in other current assets	11,257	31,946
(Decrease)/Increase in contract liabilities	(11,712)	24,623
(Decrease) Increase in notes payable	(29,802)	2,892
(Decrease) Increase in accounts payable-related parties	(5,514)	32,550
Increase in other payables	80,878	3,570
(Decrease)/Increase in other current liabilities	4,175	(76)
Decrease in net defined benefit obligation, noncurrent	(9,515)	(4,298)
Increase in deferred revenue	6,359	-
Cash generated from operations	72,319	139,680
Interest received	5,455	480
Interest paid	(1,467)	(905)
Income taxes paid	(101,638)	(378)
Net cash (used in) provided by operating activities	(25,331)	138,877
Cash flows from investing activities:		
Acquisition of financial asset at fair value through other comprehensive income	(3,524)	(25,138)
Acquisition of current financial assets at amortised cost	(165,345)	(46,065)
Proceeds from disposal of financial assets at fair value through other comprehensive income	98	98
Acquisition of property, plant and equipment	(86,317)	(20,778)
Proceeds from disposal of property, plant and equipment	1,325,091	2,746
Increase in other noncurrent assets	(15,651)	(845)
Cash dividends received	5,021	9,008
Net cash flows from (used in) investing activities	1,059,373	(80,974)
Cash flows from financing activities:		
(Decrease)/Increase in short-term loans	(80,000)	80,000
Cash payments for the principal portion of the lease liability	(580)	(506)
Cash dividends paid	(13,067)	-
Capital surplus transferred from unclaimed dividends	156	229
Net cash (used in) provided by financing activities	(93,491)	79,723
Increase in cash and cash equivalents	940,551	137,626
Cash and cash equivalents, at beginning of period	302,038	164,412
Cash and cash equivalents, at end of period	6(1) \$1,242,589	\$302,038

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Universal Textile Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) on 12 September 1969. The main activities of the Company include the production and sales of various processed yarns and synthetic fiber fabrics. The shares of the Company were listed on the Taiwan Stock Exchange in 5 February 1991.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 12 March 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

After the guideline was issued in May 2017, it was further amended in 2020 and 2021. These amendments not only postponed the effective date by two years in the transitional provisions (from 1 January 2021, to 1 January 2023) and provided additional exemptions but also reduced the cost of adopting this guideline by simplifying and modifying certain provisions to make them easier to interpret in specific circumstances. IFRS 17 replaces an interim Standard – IFRS 4 *Insurance Contracts* – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by the FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by the FSC. Except for the potential impacts of the newly announced or revised standards, or interpretations being evaluated currently (as mentioned in), for which the effects on the Group cannot be reasonably estimated at the moment, the remaining newly announced or revised standards, or interpretations have no significant impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The accounting period and accounting policies of the subsidiary’s financial statements are consistent with those of the parent company. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor company	Name of Subsidiaries	Main businesses	Percentage of ownership (%)	
			31 December 2023	31 December 2022
The Company	CHANG FU INVESTMENT CO., LTD.	Investment	100%	100%
The Company	HUNG YU TECHNOLOGY CO., LTD.	Wholesale of Chemical Feedstock	100%	100%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

The inventory value includes costs incurred in bringing the inventory to its present location and condition. Inventory accounted for purchase cost on a weighted average cost basis with the perpetual inventory system. Ending inventories are valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful lives
Buildings and structures	3~60 years
Office equipment	3~15 years
Machinery equipment	5~10 years
Other equipment	5~35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

(12) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

The Group manufactures and sells goods. Revenues are recognized when the commitment goods are delivered to the customers and control of which is transferred to the customers. (Control of an asset is defined as the customers have ability to direct the use of and obtain substantially all of the remaining benefits from the goods.). The main products of the Group are various processed yarns and synthetic fiber fabrics and revenues are recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 120 day. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(13) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(14) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(15) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgments, estimates and assumptions

When preparing the consolidated financial statements, the management of the Group is required to make judgements, estimates and assumptions as of the end of the reporting period. These estimates and assumptions affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, as well as the disclosure of the contingent liabilities. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The following points are provided as an explanation:

A. Accounts receivables — estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(12) for more details.

B. Inventories

Estimates of net realizable value of inventories takes into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(4) for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2023	2022
Inventory of cash	\$150	\$200
Cash in banks	627,959	301,838
Time deposits	614,480	-
Total	<u>\$1,242,589</u>	<u>\$302,038</u>

(2) Financial assets measured at amortized cost

	As of 31 December	
	2023	2022
Financial assets measured at amortized cost	<u>\$211,410</u>	<u>\$46,065</u>

(3) Notes and accounts receivable, including related parties

	As of 31 December	
	2023	2022
Notes receivables	\$15,603	\$19,407
Less: allowance for doubtful debts	-	-
Subtotal	<u>15,603</u>	<u>19,407</u>
Accounts receivable (total carrying amount)	166,236	172,672
Less: allowance for doubtful debts	(2,183)	(1)
Subtotal	<u>164,053</u>	<u>172,671</u>
Accounts receivable from related parties	<u>5,010</u>	<u>3,316</u>
Total	<u>\$184,666</u>	<u>\$195,394</u>

Notes and accounts receivable were not pledged.

Accounts receivable credit terms are generally on 30-120 day terms. The total carrying amount as of 31 December 2023 and 2022 are NT\$186,849 thousand and NT\$195,395 thousand, respectively. Please refer to Note 6 (12) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022 and Note 12 for more details on credit risk.

(4) Inventories

	As of 31 December	
	2023	2022
Finished goods	\$148,042	\$190,835
Work in progress	67,260	56,501
Raw materials	105,763	128,348
Supplies & parts	23,844	26,910
Total	<u>\$344,909</u>	<u>\$402,594</u>

The cost of goods sold for the years ended 31 December 2023 and 2022 are as follows, including the price reduction (gain from price recovery) of inventories:

	As of 31 December	
	2023	2022
Cost of goods sold	<u>\$1,196,069</u>	<u>\$1,392,090</u>
The price reduction (gain from price recovery) of inventories	<u>\$(15,809)</u>	<u>\$63,469</u>

The Group recognized gain from price recovery of inventories as of 31 December 2023 as the slow-moving inventory had been gradually consumed and the obsolete inventory of the Group had decreased, resulting in the reversal gains of the write-down of inventories.

No inventories were pledged.

(5) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies' stocks		
TAIWAN TAFFETA FABRIC CO., LTD		
Ordinary share	\$331,855	\$260,445
Unlisted companies' stocks		
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Ordinary share	-	-
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Preference share	295	393
Total	<u>\$332,150</u>	<u>\$260,838</u>

The Group made investments in TAIWAN TAFFETA FABRIC CO.,LTD's common stocks and TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.'s common stocks and preferred stocks. According to its medium-to-long-term strategic objectives, and expected to gain profits through long-term investments, the management of the Group believed that it would be inconsistent with the aforementioned long-term investment plan if they determined the investment as the short-term fair value fluctuations. Therefore, the Group determined to designate these investments as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income were not pledged.

(6) Property, plant and equipment

				As of 31 December			
				2023	2022		
Owner occupied property, plant and equipment				\$669,768	\$803,323		
						Construction in progress and equipment awaiting inspection	
	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment		Total
Cost (Including revaluation increment)							
As of 1 January 2023	\$588,679	\$502,511	\$1,370,479	\$131,019	\$77,668	\$10,137	\$2,680,493
Additions	-	1,778	17,894	4,268	98	75,221	99,259
Disposal	(193,985)	(60,337)	(53,003)	(32,509)	(10,095)	-	(349,929)
Reclassification	-	4,178	52,059	1,563	-	(58,970)	(1,170)
As of 31 December 2023	\$394,694	\$448,130	\$1,387,429	\$104,341	\$67,671	\$26,388	\$2,428,653
As of 1 January 2022	\$588,679	\$502,428	\$1,519,357	\$143,419	\$75,738	\$717	\$2,830,338
Additions	-	1,697	3,759	4,397	2,609	9,420	21,882
Disposal	-	(1,614)	(152,637)	(16,797)	(679)	-	(171,727)
As of 31 December 2022	\$588,679	\$502,511	\$1,370,479	\$131,019	\$77,668	\$10,137	\$2,680,493
Depreciation and impairment:							

		Buildings and	Machinery	Office	Other	Construction in progress and equipment awaiting inspection	Total
	Land	structures	equipment	equipment	equipment		
As of 1 January 2023	\$ -	\$360,613	\$1,328,687	\$114,918	\$72,952	\$ -	\$1,877,170
Depreciation	-	11,897	14,514	4,193	926	-	31,530
Disposal	-	(55,673)	(52,892)	(31,210)	(10,040)	-	(149,815)
As of 31 December 2023	<u>\$ -</u>	<u>\$316,837</u>	<u>\$1,290,309</u>	<u>\$87,901</u>	<u>\$63,838</u>	<u>\$ -</u>	<u>\$1,758,885</u>
As of 1 January 2022	\$ -	\$350,080	\$1,466,809	\$127,161	\$71,955	\$ -	\$2,016,005
Depreciation	-	12,126	14,513	4,544	1,605	-	32,788
Disposal	-	(1,593)	(152,635)	(16,787)	(608)	-	(171,623)
As of 31 December 2022	<u>\$ -</u>	<u>\$360,613</u>	<u>\$1,328,687</u>	<u>\$114,918</u>	<u>\$72,952</u>	<u>\$ -</u>	<u>\$1,877,170</u>

Net carrying amount as of:

31 December 2023	<u>\$394,694</u>	<u>\$131,293</u>	<u>\$97,120</u>	<u>\$16,440</u>	<u>\$3,833</u>	<u>\$26,388</u>	<u>\$669,768</u>
31 December 2022	<u>\$588,679</u>	<u>\$141,898</u>	<u>\$41,792</u>	<u>\$16,101</u>	<u>\$4,716</u>	<u>\$10,137</u>	<u>\$803,323</u>

A. Please refer to Note 8 for more details on property, plant and equipment under pledge.

B. There is no capitalization of interest due to purchase of property, plant and equipment.

(7) Other payables

	As of 31 December	
	2023	2022
Salaries and bonuses payable	\$116,567	\$41,386
Payable on machinery and equipment	14,811	1,869
Accrued utilities	11,720	7,510
Commissions payable	11,148	9,751
Accrued freight expenses	3,535	3,370
Accrued labor and health insurance expenses	3,121	3,640
Other	16,543	16,140
Total	<u>\$177,445</u>	<u>\$83,666</u>

(8) Short-term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	\$ -	\$80,000
Interest Rates (%)	-	0.80%~1.90%

The Group's unused short-term lines of credits amounted to NT\$370,000 thousand and NT\$320,000 thousand as of 31 December 2023 and 2022, respectively.

(9) Post-employment benefits

Defined contribution plan

The Group adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$6,933 thousand and NT\$6,830 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,200 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The weighted average duration of the defined benefits obligation as of 31 December 2023 and 2022 were both 7 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2023	2022
Current service cost	\$534	\$844
Net interest on the net defined benefit assets	376	304
Total	<u>\$910</u>	<u>\$1,148</u>

Reconciliations in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Present value of defined benefit obligation	\$104,423	\$125,093	\$143,152
Fair value of plan assets	(80,863)	(95,309)	(99,744)
Net defined benefit liabilities (assets)	<u>\$23,560</u>	<u>\$29,784</u>	<u>\$43,408</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2023	\$125,093	\$(95,309)	\$29,784
Current service cost	534	-	534
Interest expenses (income)	1,541	(1,165)	376
Subtotal	127,168	(96,474)	30,694
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	644	-	644
Experience adjustments	3,436	-	3,436
Remeasurements of the defined benefit assets	-	(789)	(789)
Subtotal	4,080	(789)	3,291
Payments of benefit obligation	(26,825)	22,945	(3,880)
Contributions by employer	-	(6,545)	(6,545)
As of 31 December 2023	\$104,423	\$(80,863)	\$23,560

	Defined benefits plan	Fair value of plan assets	Benefit liability (asset)
As of 1 January 2022	\$143,152	\$(99,744)	\$43,408
Current service cost	844	-	844
Interest expenses (income)	1,051	(747)	304
Subtotal	145,047	(100,491)	44,556
Remeasurement of defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	(5,121)	-	(5,121)
Experience adjustments	3,386	-	3,386
Remeasurements of the defined benefit assets	-	(7,592)	(7,592)
Subtotal	(1,735)	(7,592)	(9,327)
Payments of benefit obligation	(18,219)	18,219	-
Contributions by employer	-	(5,445)	(5,445)
As of 31 December 2022	\$125,093	\$(95,309)	\$29,784

The following significant actuarial assumptions are used in determining the Company's defined benefit plan:

	As of 31 December	
	2023	2022
Discount rate	1.30%	1.40%
Expected salary increase rate	2.50%	2.50%

Sensitivity analysis for significant assumption is shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%		\$(1,695)		\$(2,073)
Discount rates decrease by 0.25%	\$1,648		\$2,016	
Future salary increase by 0.25%	1,572		1,926	
Future salary decrease by 0.25%		(1,608)		(1,971)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10) Equity

A. Common stock

As of 1 January 2022, the Company's authorized capital was NT\$2,200,000 thousand, issued capital was NT\$ 1,306,660 thousand, and issued shares was 130,666 thousand shares, each at a par value of NT\$10. There have been no changes as of 31 December 2023. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of 31 December	
	2023	2022
<u>Only allowed for covering the deficit</u>		
Unpaid dividends due to overdue	<u>\$1,450</u>	<u>\$1,294</u>

According to the Company Act, the additional paid-in capital shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the additional paid-in capital arising from the issuance of new shares at a premium and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

The Company's policy of dividend distribution is in line with current and future development plans, considering the investment environment, capital requirements, and domestic and international competitive conditions, as well as the interests of shareholders. Earnings distribution is based on the principle of sustainable and stable operation of the Company.

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: payment of all taxes and dues; offset operation losses in previous years (including adjustments to unappropriated earnings); set aside 10% of the remaining amount as legal reserve; set aside or reverse special reserve in accordance with law and regulations. After deducting the items above from the current year's earnings, the distribution of the remaining portion with the undistributed earnings at the beginning of period (including adjustments to unappropriated earnings), if any, will be proposed by the board of directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Due to the inadequate amount of retained earnings increase arising from the first-time adoption of IFRS, only the retained earnings increase of NT\$201,716 thousand resulting from the conversion to IFRS was set aside as special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. As the Company’s retained earnings was negative (accumulated deficit) as of 1 January 2012, the standard had no impact on the Company.

Additionally, during the period from 1 January to 31 December 2023, the Company disposed of certain assets, resulting in the reversal of special surplus reserve in the amount of NT\$132,480 thousand. As of 31 December 2023 and 2022, the amounts of special surplus reserves for the first time adoption amounted to NT\$69,236 thousand and NT\$201,716 thousand, respectively.

This Company proposed the allocation and distribution of earnings for the year ended 31 December 2023 and resolved the profit allocation and distribution for the year ended 31 December 2022 in meetings held by the Board of Directors on 12 March 2024, and the Shareholders' Meeting on 30 May 2023, respectively. The details of the proposed allocation, distribution, and per-share dividends are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$113,823	\$1,520		
Common stock - cash dividend	326,665	13,067	\$2.5	\$0.1

Please refer to Note 6(14) for details on employees' compensation and remuneration to directors and supervisors.

(11) Operating revenue

	<u>For the years ended 31 December</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sale of goods	<u>\$1,381,718</u>	<u>\$1,511,208</u>

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

A. Contract liabilities - current

	<u>As of</u>		
	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>	<u>1 Jan. 2022</u>
Sale of goods	<u>\$48,301</u>	<u>\$60,013</u>	<u>\$35,390</u>

(12) Expected credit (loss) gain

	<u>For the years ended 31 December</u>	
	<u>2023</u>	<u>2022</u>
Operating expenses – Expected credit (losses)/gains		
Accounts receivables	<u>\$(2,182)</u>	<u>\$2,795</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 are as follows:

31 December 2023

	Past due days					Total
	Not yet due	1~60 days	61~90 days	91~120 days	Over 120 days	
Gross carrying amount	\$143,543	\$38,995	\$3,762	\$ -	\$549	\$186,849
Lifetime expected credit losses	(541)	(575)	(518)	-	(549)	(2,183)
Carrying amount	<u>\$143,002</u>	<u>\$38,420</u>	<u>\$3,244</u>	<u>\$ -</u>	<u>\$-</u>	<u>\$184,666</u>

31 December 2022

	Past due days					Total
	Not yet due	1~60 days	61~90 days	91~120 days	Over 120 days	
Gross carrying amount	\$161,260	\$30,651	\$3,480	\$ -	\$4	\$195,395
Lifetime expected credit losses	-	-	(1)	-	-	(1)
Carrying amount	<u>\$161,260</u>	<u>\$30,651</u>	<u>\$3,479</u>	<u>\$ -</u>	<u>\$4</u>	<u>\$195,394</u>

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables during the 31 December 2023 and 2022 are as follows:

	Notes receivables	Accounts receivables	Total
As of 1 January 2023	\$ -	\$1	\$1
Addition	-	2,182	2,182
As of 31 December 2023	<u>\$ -</u>	<u>\$2,183</u>	<u>\$2,183</u>
As of 1 January 2022	\$ -	\$2,796	\$2,796
Reversal	-	(2,795)	(2,795)
As of 31 December 2022	<u>\$ -</u>	<u>\$1</u>	<u>\$1</u>

(13) Leases

The Group as a lessee

The Group leases transportation equipment .The lease terms range from 1 to 6 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Transportation equipment	<u>\$465</u>	<u>\$1,045</u>

(b) Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	\$398	\$580
Non-current	<u>71</u>	<u>469</u>
Total	<u>\$469</u>	<u>\$1,049</u>

Please refer to Note 6, 15(3) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Transportation equipment	<u>\$580</u>	<u>\$509</u>

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	\$112	\$93

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$698 thousand and NT\$515 thousand.

(14) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

By nature \ By function	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$135,322	\$101,974	\$237,296	\$142,500	\$46,696	\$189,196
Labor and health insurance	15,359	4,122	19,481	15,054	3,340	18,394
Pension	5,875	1,968	7,843	6,259	1,719	7,978
Remuneration to directors	-	35,005	35,005	-	5,758	5,758
Other employee benefits expense	4,735	1,626	6,361	6,253	1,595	7,848
Depreciation	29,766	2,344	32,110	31,712	1,585	33,297
Amortization	671	59	730	519	-	519

According to the Articles of Incorporation, should not be less than 2% and no higher than 3% of profit of the current year is distributable as employees' compensation and remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The employee remuneration, whether in the form of stocks or cash, should be determined by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the consent of more than half of the attending directors, and reported to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the year ended in 31 December 2023, the Company estimated employee compensation and director remuneration based on profitability at rates of 2% and 3%, in the amount of NT\$22,233 thousand and NT\$33,350 thousand, respectively, and were recorded under payroll expense and other expenses. The Company was at a loss for the year ended 31 December 2022, therefore no provision for employee compensation and director remuneration was made.

(15) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Dividend income	\$5,021	\$9,008
Interest income	5,799	720
Other income	9,646	3,320
Total	<u>\$20,466</u>	<u>\$13,048</u>

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Gains on disposal of property, plant and equipment	\$1,124,977	\$2,642
Foreign exchange gain (losses), net	(1,735)	11,477
Gains of financial asset at fair value through profit or loss	-	1,454
Other loss	(10,488)	-
Total	<u>\$1,112,754</u>	<u>\$15,573</u>

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on borrowings from bank	\$1,419	\$938
Interest on lease liabilities	6	9
Total	<u>\$1,425</u>	<u>\$947</u>

(16) Income taxes

(a) Deferred tax assets (liabilities) relate to the following:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	\$6	\$ -
Land value increment tax	101,106	-
Adjustments in respect of current income tax of prior periods	20	-
Deferred tax (income) expense		
Deferred tax income relating to origination and reversal of temporary differences	<u>(53,430)</u>	<u>(17,133)</u>
Current income tax expense (income):	<u>\$47,702</u>	<u>\$(17,133)</u>

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax (income) expense		
Actuarial gain and loss of the defined benefit	<u>\$(658)</u>	<u>\$1,866</u>
Income tax relating to components of other comprehensive income	<u>\$(658)</u>	<u>\$1,866</u>

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit (loss) before tax from continuing operations	\$1,056,083	\$(6,145)
At statutory income tax rate	\$211,215	\$(1,229)
Expenses not deductible for tax purposes	(83)	(236)
Income exempt from taxation	(213,723)	(1,832)
Land value increment tax recognized as current income tax	41,738	-
Unrecognized tax losses/Deductible temporary difference	8,555	(13,836)
Total income tax expense (income) recognized in profit or loss	\$47,702	\$(17,133)

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowance loss from price reduction of inventories	\$22,420	\$(3,163)	\$-	\$19,257
Allowance for doubtful debts	-	63	-	63
Unrealized loss on foreign exchange	(155)	(1,413)	-	(1,568)
Leave payable	1,978	91	-	2,069
Accumulated losses	64,085	(391)	-	63,694
Land value increment tax preparation	(114,667)	59,368	-	(55,299)
Defined Benefit Retirement Plan	(5,548)	(1,125)	658	(6,015)
Deferred tax income/(expense)		\$53,430	\$658	
Deferred tax assets/(liabilities) Net	\$(31,887)			\$22,201
The information presented on the balance sheet is as follows:				
Deferred tax assets	\$88,482			\$85,083
Deferred tax liabilities	\$(120,369)			\$(62,882)

For the year ended 31 December 2022

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowance loss from price reduction of inventories	\$9,725	\$12,695	\$ -	\$22,420
Allowance for doubtful debts	1,951	(1,951)	-	-
Unrealized loss on foreign exchange	429	(584)	-	(155)
Leave payable	1,837	141	-	1,978
Accumulated losses	56,393	7,692	-	64,085
Land value increment tax preparation	(114,667)	-	-	(114,667)
Defined Benefit Retirement Plan	(2,822)	(860)	(1,866)	(5,548)
Deferred tax income/(expense)		\$17,133	\$(1,866)	
Deferred tax assets/(liabilities) Net	<u>\$(47,154)</u>			<u>\$(31,887)</u>
The information presented on the balance sheet is as follows:				
Deferred tax assets	<u>\$70,335</u>			<u>\$88,482</u>
Deferred tax liabilities	<u>\$(117,489)</u>			<u>\$(120,369)</u>

(d) Information on unused tax losses of individuals within the group is summarized as follows:

Year of occurrence	Deficit amount	Unused balance		Last deductible year
		31 December 2023	31 December 2022	
2017	\$41,579	\$6,978	\$8,931	2027
2018	58,992	58,992	58,992	2028
2019	59,271	59,271	59,271	2029
2020	134,320	134,320	134,320	2030
2021	58,906	58,906	58,906	2031
2023	35,147	35,147	-	2033
Total	<u>\$388,215</u>	<u>\$353,614</u>	<u>\$320,420</u>	

(e) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, the total amount of deferred income tax assets that the group did not recognize is NT\$7,029 thousand and NT\$0 thousand respectively.

(f) The assessment of income tax returns

As of 31 December 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
UNIVERSAL TEXTILE CO., LTD	Assessed and approved up to 2021
CHANG FU INVESTMENT CO., LTD.	Assessed and approved up to 2022
HUNG YU TECHNOLOGY CO., LTD.	Assessed and approved up to 2022

(17) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company(thousand)	<u>\$1,008,381</u>	<u>\$10,988</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>130,666</u>	<u>130,666</u>
Basic earnings per share (NT\$)	<u>\$7.72</u>	<u>\$0.08</u>

	For the years ended 31 December	
	2023	2022
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company(thousand)	\$1,008,381	\$10,988
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	130,666	130,666
The impact of potential common shares with dilutive effects:		
Employee compensation expenses	1,084	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	131,750	130,666
Earnings per share - diluted	\$7.65	\$0.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of Related Party</u>	<u>Nature of relationship of the related parties</u>
LIANG-WOEI FIBRE CO., LTD.	Substantive related party (President is the natural person representative of the company's legal person directors)
HONG JEN TEXTILE CO., LTD.	Substantive related party (Directors are natural person representatives of the company's legal person directors)
TAIWAN TAFFETA FABRIC CO., LTD.	Substantive related party(Note)

Note: The resignation of the chairman of the company as the chairman of the company took effect on 18 February 2022, so TAIWAN TAFFETA FABRIC CO., LTD. is no longer a related person of the company.

Significant transactions with the related parties

(a) Sales

	For the years ended 31 December	
	2023	2022
HONG JEN TEXTILE CO., LTD.	\$27,992	\$97,310

The sales price to the above related parties was determined through mutual agreement based on the market rates. The outstanding balance as of 31 December 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended 31 December	
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	\$1,881	\$7,570

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(c) Accounts receivable

	As of 31 December	
	2023	2022
HONG JEN TEXTILE CO., LTD.	\$5,010	\$3,316

(d) Accounts payable

	As of 31 December	
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	\$1,295	\$ -

(e) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	\$43,498	\$9,821

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	As of 31 December		Guarantee purpose
	2023	2022	
Land	\$45,102	\$239,087	Bank loan
Buildings and structures	4,543	6,907	Bank loan
Other non-current assets	12,282	-	Government subsidy for special projects
Total	<u>\$61,927</u>	<u>\$245,994</u>	

9. Commitments and contingencies

None.

10. Losses due to major disasters:

None.

11. Significant subsequent events:

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2023	2022
Financial assets measured at amortized cost	\$211,410	\$46,065
Cash and cash equivalents	1,242,589	302,038
Notes receivables and accounts receivable (Including Related Parties)	184,666	195,394
Other receivables (excluding income tax refund receivables)	1,365	926
Refundable deposits	2,585	23
Financial assets at fair value through other comprehensive income		
Equity instrument investment	332,150	260,838
Total	<u>\$1,974,765</u>	<u>\$805,284</u>

Financial liabilities

	As of 31 December	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$ -	\$80,000
Notes and accounts payable	86,640	121,956
Other receivables	177,445	83,666
Deposits received	620	620
Total	<u>\$264,705</u>	<u>\$286,242</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The sensitivity analysis information is as follows:

When the NT dollar appreciates/depreciates by 5% against the U.S. dollar, it will affect the Group for the years ended 31 December 2023 and 2022. The annual pre-tax profit and loss will decrease/increase by NT\$16,299 thousand and NT\$10,582 thousand respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit. The profit and loss of the group for the years ended 31 December 2023 and 2022 will be reduced/increased NT\$0 thousand and NT\$80 thousand respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty default obligation under a contract, leading to a financial loss to the group.

The credit risk of the Group is assessed on contracts whose fair value is a positive number on the balance sheet date. The Group only transacts with counterparties, which are financial institutions, companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

Our group has constructed satisfied liquidity risk management construction. Our group manage liquidity risk by maintain enough loan limit, and monitor cash flows continuously. The unused bank loan limit on 31 December 2023 shows as below.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
31 December 2023					
Lease liabilities	\$400	\$71	\$ -	\$ -	\$471
31 December 2022					
Lease liabilities	\$586	\$471	\$ -	\$ -	\$1,057
Short-term loans	80,042	-	-	-	80,042

Derivative financial liabilities

None.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2023	\$80,000	\$1,049	\$81,049
Cash flows	(80,000)	(586)	(80,586)
Non-cash changes	-	6	6
As of 31 December 2023	\$ -	\$469	\$469

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2022	\$ -	\$921	\$921
Cash flows	80,000	(506)	79,494
Non-cash changes	-	634	634
As of 31 December 2022	\$80,000	\$1,049	\$81,049

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

- (c) Please refer to Note 12(8)(2) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis was as follows:

As of 31 December 2023				
	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Group's assets and liabilities:				
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investment				
Domestic listed stocks	\$331,855	\$ -	\$ -	\$331,855
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	295	295
Total	<u>\$331,855</u>	<u>\$ -</u>	<u>\$295</u>	<u>\$332,150</u>

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Group's assets and liabilities:				
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investment				
Domestic listed stocks	\$260,445	\$ -	\$ -	\$260,445
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	393	393
Total	<u>\$260,445</u>	<u>\$ -</u>	<u>\$393</u>	<u>\$260,838</u>

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of Changes in Level 3 Fair Value Measurements for Recurring Fair Value Measurements

Reconciliation for Recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2023	\$393
Deferred tax income (expense) recognized in other comprehensive income	-
Disposal	(98)
Ending balances as of 31 December 2023	<u>\$295</u>

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2022	\$3,292
Deferred tax income (expense) recognized in other comprehensive income	(2,801)
Disposal	98
Ending balances as of 31 December 2022	\$393

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: expressed in thousands of New Taiwan Dollars)

	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items: :						
USD	\$10,978	30.71	\$337,134	\$8,726	30.71	\$267,975
EUR	54	33.98	1,835	78	32.72	2,567
<u>Financial liabilities</u>						
Monetary items: :						
USD	\$363	30.71	\$11,148	\$318	30.71	\$9,766

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT\$(1,735) thousand foreign exchange loss and NT\$11,477 thousand foreign exchange gain for the years ended 31 December 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2023: None

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: None

(c) Securities held as of 31 December 2023 (excluding investment in a subsidiaries, affiliated enterprises and joint venture control parts):

Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
UNIVERSAL TEXTILE CO., LTD	TAIWAN TAFFETA FABRIC CO., LTD.	—	Financial assets at fair value through other comprehensive income, non-current	17,695,218	\$294,625	13.63%	\$294,625	Note
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.- ordinary share	—	Financial assets at fair value through other comprehensive income – noncurrent	1,613,844	-	3%	-	
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. - Preference share	—	Financial assets at fair value through other comprehensive income, non-current	29,505	295	-%	295	

Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
CHANG FU INVESTMENT CO., LTD.	TAIWAN TAFFETA FABRIC CO., LTD.	—	Financial assets at fair value through other comprehensive income - noncurrent	2,236,000	37,230	1.72%	37,230	

Note: The Group held financial assets measured at fair value through other comprehensive income-non current – Taiwan Filament Weaving Development CO., LTD.- ordinary share, due to the loss according to its latest report, the loss was fully withdrawn in June 2023.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None

(e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

Company Disposing of Real Estate	Name of property	Transaction date (Note)	Original Acquisition Date	Carrying amount	Transaction amount	Status of Payment Receipt	Disposal gain or loss	Related Party	Relationship with the Company	Purpose of Disposal	Basis for Determining the Price	Other terms
UNIVERSAL TEXTILE CO., LTD	Building and structures	25 August 2023	28 December 1970	\$199,857 thousands	\$1,325,091 thousands	Payment Received in Full	\$1,115,116 thousand (note 1)	SUSHI EXPRESS CO., LTD	None	Revitalizing Assets	Appraisal Report	None

Note 1: including appraisal service fee of \$10,118 thousand

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: None.

(2) Information on investees

(a) Invested companies with significant influence or control:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023:

Investor	Investee company	Address	Main business and products	Initial Investment		Investment as of 31 December 2023			Net income(loss) of investee company (Note 1)	Investment income (loss) recognized (Note1)	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount			
UNIVERSAL TEXTILE CO., LTD	CHANG FU INVESTMENT CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Holding company	\$30,000	\$30,000	3,000,000	100%	\$40,078	\$512	\$512	Subsidiaries
UNIVERSAL TEXTILE CO., LTD	HUNG YU TECHNOLOGY CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Wholesale of chemical raw materials	\$30,000	\$30,000	3,000,000	100%	30,126	138	138	Subsidiaries

Note1 : Consolidation

(3) Information on investments in mainland China ;

None

- (4) Information of major shareholders : The name, shareholding amount and proportion of the shareholders whose equity ratio is more than 5%

Share Main shareholder name	Total shares owned	Shareholding ratio
LIANG HAW TECHNOLOGY CO., LTD.	15,000,000	11.47%
EVERWIN CAPITAL LIMITED	10,000,000	7.65%
DAR YU ASSET MANAGEMENT CO., LTD.	9,250,000	7.07%
SHINE LEE INVESTMENT CO., LTD	7,500,000	5.73%

14. Operating Segment information

- (1) For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:
- (a) Textile segment: The main products of this department include polyester filament fabrics, T/R mixed weave fabrics, elastic fabrics, etc. The woven fabrics can be used as filament suit fabrics, women's thin fabrics and various finishing fabrics.
- (b) Textured yarn segment: The main construction is Changbin Factory, produced polyester processed yarn, the specifications including 75D-600D, including CD100%、CD50%、Fur、linen and various composite yarns.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured in a manner consistent with operating profit and loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information on profit or loss, assets and liabilities of the reportable segment were as of:

For the year ended 31 December 2023

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
External customer	\$927,276	\$454,442	\$1,381,718	\$ -	\$ -	\$1,381,718
Inter-segment	-	135,549	135,549	-	(135,549)	-
Total revenue	<u>\$927,276</u>	<u>\$589,991</u>	<u>\$1,517,267</u>	<u>\$ -</u>	<u>\$(135,549)</u>	<u>\$1,381,718</u>
Segment profit	<u>\$34,397</u>	<u>\$(93,174)</u>	<u>\$(58,777)</u>	<u>\$10,723</u>	<u>\$(10,723)</u>	<u>\$(58,777)</u>

For the year ended 31 December 2022

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
External customer	\$793,430	\$717,778	\$1,511,208	\$ -	\$ -	\$1,511,208
Inter-segment	-	93,401	93,401	-	(93,401)	-
Total revenue	<u>\$793,430</u>	<u>\$811,179</u>	<u>\$1,604,609</u>	<u>\$ -</u>	<u>\$(93,401)</u>	<u>\$1,511,208</u>
Segment profit	<u>\$49,908</u>	<u>\$(43,763)</u>	<u>\$6,145</u>	<u>\$5,691</u>	<u>\$(5,691)</u>	<u>\$6,145</u>

Information on assets and liabilities of the Group's operating segments as of 31 December 2023 and 2022:

Segment assets

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
31 December 2023	\$519,799	\$630,668	\$1,150,467	\$2,024,235	\$(70,204)	\$3,104,498
31 December 2022	\$900,414	\$857,376	\$1,757,790	\$435,895	\$(62,904)	\$2,130,781

Segment liabilities

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
31 December 2023	\$68,461	\$32,854	\$101,315	\$309,423	\$ -	\$410,738
31 December 2022	\$99,701	\$24,123	\$123,824	\$373,920	\$ -	\$497,744

(2) Reportable reconciliation of departmental income, profit and loss, assets, liabilities and other major items

Reconciliations of reportable segments

	For the year ended 31 December 2023
Total profit or loss for reportable segments	\$(58,777)
Other profit or loss	10,723
Elimination of inter-segment profit	(10,723)
Unallocated amounts:	
Gains on disposal of property plant and equipment	1,114,860
Profit before tax from continuing operations	\$1,056,083

For the year ended 31 December 2022 the Group did not have information on segment income, profit and loss, capital, assets, liabilities and other major items need to be adjusted.

(3)Geographical information

i. Revenue from external customers:

District	For the years ended 31 December	
	2023	2022
Taiwan	\$514,312	\$779,853
Asia	418,300	300,534
Europe	371,598	287,031
America	61,859	118,812
Other	15,649	24,978
Total	<u>\$1,381,718</u>	<u>\$1,511,208</u>

The revenue information above is based on the location of the customers.

(4) Information about major customers

There's no sales revenue from a single customer accounting for over 10% of revenue on income statement for the years ended 31 December 2023 and 2022.

V. The company's individual financial report that has been audited and certified by an accountant for the most recent year

Independent Auditors' Report Translated from Chinese

To UNIVERSAL TEXTILE CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of UNIVERSAL TEXTILE CO., LTD. (the “Company”) as of 31 December 2023 and 2022, and the related parent company only statements of comprehensive income, changes in stockholders’ equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively “the parent company only financial statements”).

In our opinion ,the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

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 Parent Company Only 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2023 Parent company only financial statements. These matters were addressed in the context of our audit of the Parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company mainly sales textured yarns and synthetic fabrics, the industry are greatly affected by market supply and demand. The operating revenues amounted to NT\$1,381,718 thousand for the year ended 31 December 2023 compared with NT\$1,511,208 thousand for the year ended 31 December 2022 decreased about 8.57%, among which the sales revenue from specific customers increased significantly. The operating revenue was NT \$456,037 thousand for the year ended 31 December 2023, accounting for about 33.00% of the overall operating revenue, therefore, the accountant in this year's review, the authenticity of operating revenue recognition is listed as a key audit matter.

The audit procedures of the accountants included (but not limited to), understanding and evaluating the accounting policies for revenue recognition; understanding and testing the effectiveness of relevant internal control design and implementation; selecting samples for operating revenue details, and performing transaction detail tests, Review the major clauses in the contract and test the five steps of revenue recognition and check the relevant transaction certificates to evaluate and judge the correctness of the performance obligation and the timing of its satisfaction and verify the authenticity of the transaction; for before and after the balance sheet date for transactions over a period of time, analyze whether the changes are reasonable, and select samples to perform the cut-off point test; analyze the sales situation by customer, products, and region to understand the rationality of changes in operating revenue. Please refer to the Parent company only financial statement Notes 4 and 6 indicate the appropriateness of the disclosure of operating income.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 financial reporting process of the Company.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the 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 2023 parent company only financial statements 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.

Ernst & Young, Taiwan

Huang, Ching Ya

Liu, Jung Chin

12 March 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the parent company only financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		As of 31 December	
		2023	2022
Current assets			
Cash and cash equivalents	4, 6(1) and 12	\$1,209,539	\$263,839
Current financial assets at amortised cost	4, 6(2) and 12	211,410	46,065
Net accounts receivable	4, 5, 6(3) and 12	15,603	19,407
Accounts receivable, net	4, 5, 6(3) and 12	164,053	172,671
Accounts receivable-related parties, net	4, 5, 6(3), 7 and 12	5,010	3,316
Other receivables		3,842	6,727
Current income tax assets		542	47
Inventories	4, 5 and 6(4)	344,909	402,594
Other current assets		10,818	22,074
Total current assets		1,965,726	936,740
Non-current assets			
Financial assets at fair value through other comprehensive income, noncurrent	4, 6(5) and 12	294,920	234,855
Investments accounted for under the equity method	4 and 6(6)	70,204	62,904
Property, plant and equipment	4 and 6(7)	669,768	803,323
Right-of-use assets	4 and 6(14)	465	1,045
Intangible assets		1,112	-
Deferred tax assets	4 and 6(17)	85,083	88,482
Other non-current assets		17,130	2,150
Total non-current assets		1,138,682	1,192,759
Total assets		\$3,104,408	\$2,129,499

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD
PARENT COMPANY ONLY BALANCE SHEETS
As of 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity		As of 31 December	
		2023	2022
Current liabilities			
Short-term loans	4, 6(9) and 12	\$ -	\$80,000
Contract liabilities, current	4 and 6(12)	48,301	60,013
Notes payables	12	20,740	50,542
Accounts payable	12	64,605	71,414
Accounts payable-related parties, net	7	1,295	-
Other payables	6(8) and 12	177,355	82,384
Lease liabilities, current	4, 6(14) and 12	398	580
Other current liabilities		4,462	287
Total current liabilities		317,156	345,220
Non-current liabilities			
Deferred tax liabilities	4 and 6(17)	62,882	120,369
Lease liabilities, noncurrent	4, 6(14) and 12	71	469
Deferred revenue		6,359	-
Net defined benefit obligation, noncurrent	4 and 6(10)	23,560	29,784
Deposits received	12	620	620
Non-current liabilities		93,492	151,242
Total liabilities		410,648	496,462
Equity	4 and 6(11)		
Capital			
Common stock		1,306,660	1,306,660
Additional paid-in capital		1,450	1,294
Retained earnings			
Legal reserve		1,520	-
Special reserve		69,236	201,716
Unappropriated retained earnings		1,138,843	15,202
Subtotal		1,209,599	216,918
Other Components of equity			
Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income		176,051	108,165
Total equity		2,693,760	1,633,037
Total liabilities and equity		\$3,104,408	\$2,129,499

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD

PARENT COMPANY ONLY STATEMENTS OF COMPERHENSIVE INCOME

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Note	For the years ended 31 December	
		2023	2022
Operating income	4, 6(12) and 7	\$1,381,718	\$1,511,208
Operating costs	6(4)	(1,196,069)	(1,392,090)
Gross profit		185,649	119,118
Operating expense	6(15)		
Sales and marketing expenses		(122,021)	(113,107)
General and administrative expenses		(118,728)	(33,076)
Research and development expenses		(18,360)	(9,383)
Expected credit gain (loss)	6(13)	(2,182)	2,795
Total operating expenses		(261,291)	(152,771)
Operating loss		(75,642)	(33,653)
Non-operating income and expenses	4 and 6(16)		
Other income		19,740	12,876
Other gains and losses		1,112,754	14,400
Finance costs		(1,425)	(947)
Share of profit or loss of subsidiaries, associates and joint ventures		650	1,179
Total non-operating income and expenses		1,131,719	27,508
Income from continuing operations before income tax(loss)		1,056,077	(6,145)
Income tax (expense) benefit	4 and 6(17)	(47,696)	17,133
Net income		1,008,381	10,988
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(3,291)	9,326
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		67,886	(32,038)
Income tax related to items that will not be reclassified subsequently		658	(1,866)
Total other comprehensive income, net of tax		65,253	(24,578)
Total comprehensive income		<u>\$1,073,634</u>	<u>\$(13,590)</u>
Earnings per share (NTD)	6(18)		
Earnings per share-basic		<u>\$7.72</u>	<u>\$0.08</u>
Earnings per share-diluted		<u>\$7.65</u>	<u>\$0.08</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
 UNIVERSAL TEXTILE CO., LTD.
 PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
 For the Years Ended 31 December 2023 and 2022
 (Expressed in Thousands of New Taiwan Dollars)

	Notes	Total equity attributable to owners of parent				Other Components of Equity	
		Capital	Additional paid-in capital	Legal reserve	Special reserve	(Accumulated deficit) Unappropriated retained earnings	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income
Balance as of 1 January 2022	6(11)	\$1,306,660	\$23,698	\$ -	\$201,716	\$25,879	\$140,203
Other changes in additional paid-in capital:							
Capital surplus transferred from unclaimed dividends			\$229			22,633	\$29
Capital surplus used to offset accumulated deficits			(22,633)			10,988	-
Net income in 2022						7,460	10,988
Other comprehensive income in 2022						18,448	(32,038)
Total comprehensive income							(24,578)
Balance as of 31 December 2022	6(11)	\$1,306,660	\$1,294	\$ -	\$201,716	\$15,202	\$1,633,037
Balance as of 1 January 2023		\$1,306,660	\$1,294	\$ -	\$201,716	\$15,202	\$1,633,037
Appropriation of earnings							
Legal reserve				1,520		(1,520)	-
Special reserve					(132,480)	132,480	-
Common stock-split dividend						(13,067)	(13,067)
Other changes in additional paid-in capital:			156				
Capital surplus transferred from unclaimed dividends						1,008,381	156
Net income of the year ended in 31 December 2023						(2,633)	1,008,381
Other comprehensive income of the year ended in 31 December 2023						1,005,748	65,253
Total comprehensive income							67,886
Balance as of 31 December 2023	6(11)	\$1,306,660	\$1,450	\$1,520	\$69,236	\$1,138,843	\$2,693,760

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the years ended 31 December	
		2023	2022
Cash flows from operating activities:			
Net income before tax (loss)		\$1,056,077	\$(6,145)
Income and expense adjustments:			
Depreciation		32,110	33,297
Amortization		730	519
Expected credit (gain) loss		2,182	(2,795)
Net loss on financial assets or liabilities at fair value through profit or loss		-	280
Interest expense		1,425	947
Interest income		(5,632)	(676)
Dividend income		(4,461)	(8,881)
Share of profit or loss of subsidiaries, associates and joint ventures		(650)	(1,179)
Gains on disposal of property, plant and equipment		(1,124,977)	(2,642)
Inventory valuation losses (gain)		(15,809)	63,469
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	2,381
Decrease in notes receivable		3,804	21,411
Decrease accounts receivable (including related parties)		4,742	19,615
Decrease/(Increase) in other receivables		3,144	(4,030)
Decrease/(Increase) in inventories		73,494	(81,595)
Decrease in other current assets		11,256	31,946
(Decrease)/Increase in contract liabilities		(11,712)	24,623
(Decrease) Increase in notes receivable		(29,802)	2,892
(Decrease)/Increase in accounts payables		(5,514)	32,550
Increase in other payables		82,071	2,338
(Decrease)/Increase in other current liabilities		4,175	(76)
Decrease in net defined benefit obligation, noncurrent		(9,515)	(4,298)
Increase in deferred revenue		6,359	-
Cash generated from operations		73,497	123,951
Interest received		5,373	435
Interest paid		(1,467)	(905)
Income taxes paid		(101,621)	(26)
Net cash (used in) provided by operating activities		(24,218)	123,455
Cash flows from investing activities:			
Acquisition of current financial assets at amortised cost		(165,345)	(46,065)
Acquisition of investments accounted for using equity method		-	(30,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income		98	98
Acquisition of property, plant and equipment		(86,317)	(20,778)
Proceeds from disposal of property, plant and equipment		1,325,091	2,746
Decrease (Increase) in refundable deposits		(2,562)	768
Increase in other non current assets		(13,089)	(1,613)
Cash dividends received		5,533	13,724
Net cash flows from (used in) investing activities		1,063,409	(81,120)
Cash flows from financing activities:			
(Decrease)/Increase in short-term loans		(80,000)	80,000
Cash payments for the principal portion of the lease liability		(580)	(506)
Cash dividends paid		(13,067)	-
Capital surplus transferred from unclaimed dividends		156	229
Net cash (used in) provided by financing activities		(93,491)	79,723
Increase in cash and cash equivalents		945,700	122,058
Cash and cash equivalents, at beginning of period		263,839	141,781
Cash and cash equivalents, at end of period	6(1)	\$1,209,539	\$263,839

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

UNIVERSAL TEXTILE CO., LTD.

Notes to Parent Company Only Financial Statements

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Universal Textile Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) on 12 September 1969. The main activities of the Company include the production and sales of various processed yarns and synthetic fiber fabrics. The shares of the Company were listed on the Taiwan Stock Exchange in 5 February 1991.

2. Date and procedures of authorization of financial statements for issue

The parent Company only financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 12 March 2024.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a Company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

After the guideline was issued in May 2017, it was further amended in 2020 and 2021. These amendments not only postponed the effective date by two years in the transitional provisions (from 1 January 2021, to 1 January 2023) and provided additional exemptions but also reduced the cost of adopting this guideline by simplifying and modifying certain provisions to make them easier to interpret in specific circumstances. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by the FSC at the date when the company's financial statements were authorized for issue, the local effective dates are to be determined by the FSC. Except for the potential impacts of the newly announced or revised standards, or interpretations being evaluated currently (as mentioned in), for which the effects on the company cannot be reasonably estimated at the moment, the remaining newly announced or revised standards, or interpretations have no significant impact on the company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in NT dollars, which is also the Company’s functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction of assets and liabilities

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets
- (b) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification of liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

The inventory value includes costs incurred in bringing the inventory to its present location and condition. Inventory accounted for purchase cost on a weighted average cost basis with the perpetual inventory system. Ending inventories are valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(9) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company's investment in subsidiaries was presented as "Investments accounted for using equity method" and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders' equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis. The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 *Consolidated financial statements* and application of IFRS to different reporting entities, debit/credit "Investment accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures" or "Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures" etc.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. Joint venture means the Company has rights to the net assets of the joint agreement (with joint controller).

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or a joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(10)Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful lives
Buildings and structures	3~60 years
Office equipment	3~15 years
Machinery equipment	5~10 years
Other equipment	5~35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

(12) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

The Company manufactures and sells goods. Revenues are recognized when the commitment goods are delivered to the customers and control of which is transferred to the customers. (Control of an asset is defined as the customers have ability to direct the use of and obtain substantially all of the remaining benefits from the goods.). The main products of the Company are various processed yarns and synthetic fiber fabrics and revenues are recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 120 day. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(13) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(14) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the parent company only financial statements.

For retirement benefits classified as defined contribution plans, the Company's monthly contribution rate for employee retirement pensions must not be less than 6% of the employees' monthly salary. The amount contributed is recognized as an expense in the current period.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(15) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

When preparing the parent company only financial statements, the management of the Company is required to make judgements, estimates and assumptions as of the end of the reporting period. These estimates and assumptions affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The following points are provided as an explanation:

A. Accounts receivables — estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(13) for more details.

B. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(4) for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2023	2022
Inventory of cash	\$150	\$200
Cash in banks	594,909	263,639
Time deposits	614,480	-
Total	<u>\$1,209,539</u>	<u>\$263,839</u>

(2) Financial assets measured at amortized cost

	As of 31 December	
	2023	2022
Financial assets measured at amortized cost	<u>\$211,410</u>	<u>\$46,065</u>

(3) Notes and accounts receivable, including related parties

	As of 31 December	
	2023	2022
Notes receivables	\$15,603	\$19,407
Less: allowance for doubtful debts	-	-
Subtotal	<u>15,603</u>	<u>19,407</u>
Accounts receivable (total carrying amount)	166,236	172,672
Less: allowance for doubtful debts	(2,183)	(1)
Subtotal	<u>164,053</u>	<u>172,671</u>
Accounts receivable from related parties	5,010	3,316
Total	<u>\$184,666</u>	<u>\$195,394</u>

Notes and accounts receivable were not pledged.

Accounts receivable credit terms are generally on 30-120 day terms. The total carrying amount as of 31 December 2023 and 2022 are NT\$186,849 thousand and NT\$195,395 thousand, respectively. Please refer to Note 6 (13) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022 and Note 12 for more details on credit risk.

(4) Inventories

	As of 31 December	
	2023	2022
Finished goods	\$148,042	\$190,835
Work in progress	67,260	56,501
Raw materials	105,763	128,348
Supplies & parts	23,844	26,910
Total	<u>\$344,909</u>	<u>\$402,594</u>

The cost of goods sold for the years ended 31 December 2023 and 2022 are as follows, including the price reduction (gain from price recovery) of inventories:

	As of 31 December	
	2023	2022
Cost of goods sold	<u>\$1,196,069</u>	<u>\$1,392,090</u>
The price reduction (gain from price recovery) of inventories	<u>\$(15,809)</u>	<u>\$63,469</u>

The Company recognized gain from price recovery of inventories as of 31 December 2023 as the slow-moving inventory had been gradually consumed and the obsolete inventory of the Company had decreased, resulting in the reversal gains of the write-down of inventories.

No inventories were pledged.

(5) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies stocks		
TAIWAN TAFFETA FABRIC CO., LTD		
Ordinary share	\$294,625	\$234,462
Unlisted companies stocks		
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	-	-
Ordinary share		
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Preference share	295	393
Total	<u>\$294,920</u>	<u>\$234,855</u>

The Company made investments in TAIWAN TAFFETA FABRIC CO., LTD's common stocks and TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.'s common stocks and preferred stocks. According to its medium-to-long-term strategic objectives, and expected to gain profits through long-term investments, the management of the Company believed that it would be inconsistent with the aforementioned long-term investment plan if they determined the investment as the short-term fair value fluctuations. Therefore, the Company determined to designate these investments as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income were not pledged.

(6) Investments accounted for under the equity method

The financial reports of investment subsidiaries are expressed in "Investments using the equity method", and necessary evaluation adjustments are:

Investee	As of 31 December			
	2023		2022	
	Amount	%	Amount	%
Investments in associates:				
CHANG FU INVESTMENT CO., LTD.	\$40,078	100%	\$32,916	100%
HUNG YU TECHNOLOGY CO., LTD.	30,126	100%	29,988	100%
Total	<u>\$70,204</u>		<u>\$62,904</u>	

A.The Company is engaged in long-term and short-term investment for flexible capital utilization. On 24 June 2015, the board of directors approved the establishment of CHANG FU INVESTMENT CO., LTD. The investment amount is NT\$ 30,000 thousand. The Company is engaged in domestic general long-term and short-term investment cause.

B.In order to diversify the business, develop the green semiconductor business, and cut into the semiconductor supply chain, the Company established HUNG YU TECHNOLOGY CO., LTD. on 20 May 2022 with an investment of NT \$30,000 thousand .The Company is engaged in Domestic chemical material wholesale business.

C.As of 31 December 2023 and 2022 Share of profit or loss of subsidiaries, associates and joint ventures. It is recognized based on the financial report of the subsidiary audited by an accountant for the same period.

(7) Property, plant and equipment

Owner occupied property, plant and equipment	As of 31 December	
	2023	2022
	<u>\$669,768</u>	<u>\$803,323</u>

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost (Including revaluation increment)							
As of 1 January 2023	\$588,679	\$502,511	\$1,370,479	\$131,019	\$77,668	\$10,137	\$2,680,493
Additions	-	1,778	17,894	4,268	98	75,221	99,259
Disposal	(193,985)	(60,337)	(53,003)	(32,509)	(10,095)	-	(349,929)
Reclassification	-	4,178	52,059	1,563	-	(58,970)	(1,170)
As of 31 December 2023	<u>\$394,694</u>	<u>\$448,130</u>	<u>\$1,387,429</u>	<u>\$104,341</u>	<u>\$67,671</u>	<u>\$26,388</u>	<u>\$2,428,653</u>
As of 1 January 2022	\$588,679	\$502,428	\$1,519,357	\$143,419	\$75,738	\$717	\$2,830,338
Additions	-	1,697	3,759	4,397	2,609	9,420	21,882
Disposal	-	(1,614)	(152,637)	(16,797)	(679)	-	(171,727)
As of 31 December 2022	<u>\$588,679</u>	<u>\$502,511</u>	<u>\$1,370,479</u>	<u>\$131,019</u>	<u>\$77,668</u>	<u>\$10,137</u>	<u>\$2,680,493</u>
Depreciation and impairment:							
As of 1 January 2023	\$-	\$360,613	\$1,328,687	\$114,918	\$72,952	\$-	\$1,877,170
Depreciation	-	11,897	14,514	4,193	926	-	31,530
Disposal	-	(55,673)	(52,892)	(31,210)	(10,040)	-	(149,815)
As of 31 December 2023	<u>\$-</u>	<u>\$316,837</u>	<u>\$1,290,309</u>	<u>\$87,901</u>	<u>\$63,838</u>	<u>\$-</u>	<u>\$1,758,885</u>
As of 1 January 2022	\$-	\$350,080	\$1,466,809	\$127,161	\$71,955	\$-	\$2,016,005
Depreciation	-	12,126	14,513	4,544	1,605	-	32,788
Disposal	-	(1,593)	(152,635)	(16,787)	(608)	-	(171,623)
As of 31 December 2022	<u>\$-</u>	<u>\$360,613</u>	<u>\$1,328,687</u>	<u>\$114,918</u>	<u>\$72,952</u>	<u>\$-</u>	<u>\$1,877,170</u>
Net carrying amounts as of:							
31 December 2023	<u>\$394,694</u>	<u>\$131,293</u>	<u>\$97,120</u>	<u>\$16,440</u>	<u>\$3,833</u>	<u>\$26,388</u>	<u>\$669,768</u>
31 December 2022	<u>\$588,679</u>	<u>\$141,898</u>	<u>\$41,792</u>	<u>\$16,101</u>	<u>\$4,716</u>	<u>\$10,137</u>	<u>\$803,323</u>

- A. Please refer to Note 8 for more details on property, plant and equipment under pledge.
- B. There is no capitalization of interest due to purchase of property, plant and equipment.

(8) Other payables

	As of 31 December	
	2023	2022
Salaries and bonuses payable	\$116,567	\$41,386
Payable on machinery and equipment	14,811	1,869
Accrued utilities	11,720	7,510
Commissions payable	11,148	9,751
Accrued freight expenses	3,535	3,370
Accrued labor and health insurance expenses	3,121	3,640
Other	16,453	14,858
Total	<u>\$177,355</u>	<u>\$82,384</u>

(9) Short-term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	<u>\$-</u>	<u>\$80,000</u>
Interest Rates (%)	-	0.80%~1.90%

The Company's unused short-term lines of credits amounted to NT\$370,000 thousand and NT\$320,000 thousand as of 31 December 2023 and 2022, respectively.

(10) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$6,933 thousand and NT\$6,830 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,200 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The weighted average duration of the defined benefits obligation as of 31 December 2023 and 2022 were both 7 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2023	2022
Current service cost	\$534	\$844
Net interest on the net defined benefit assets	376	304
Total	<u>\$910</u>	<u>\$1,148</u>

Reconciliations in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	31 Dec.2023	31 Dec. 2022	1 Jan. 2022
Present value of defined benefit obligation	\$104,423	\$125,093	\$143,152
Fair value of plan assets	(80,863)	(95,309)	(99,744)
Net defined benefit liabilities (assets)	<u>\$23,560</u>	<u>\$29,784</u>	<u>\$43,408</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2023	\$125,093	\$(95,309)	\$29,784
Current service cost	534	-	534
Interest expenses (income)	1,541	(1,165)	376
Subtotal	<u>127,168</u>	<u>(96,474)</u>	<u>30,694</u>
Re measurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	644	-	644
Experience adjustments	3,436	-	3,436
Re measurements of the defined benefit assets	-	(789)	(789)
Subtotal	<u>4,080</u>	<u>(789)</u>	<u>3,291</u>

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Payments of benefit obligation	(26,825)	22,945	(3,880)
Contributions by employer	-	(6,545)	(6,545)
As of 31 December 2023	<u>\$104,423</u>	<u>\$(80,863)</u>	<u>\$23,560</u>
As of 1 January 2022	\$143,152	\$(99,744)	\$43,408
Current service cost	844	-	844
Interest expenses (income)	1,051	(747)	304
Subtotal	<u>145,047</u>	<u>(100,491)</u>	<u>44,556</u>
Remeasurement of defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	(5,121)	-	(5,121)
Experience adjustments	3,386	-	3,386
Remeasurements of the defined benefit assets	-	(7,592)	(7,592)
Subtotal	<u>(1,735)</u>	<u>(7,592)</u>	<u>(9,327)</u>
Payments of benefit obligation	(18,219)	18,219	-
Contributions by employer	-	(5,445)	(5,445)
As of 31 December 2022	<u>\$125,093</u>	<u>\$(95,309)</u>	<u>\$29,784</u>

The following significant actuarial assumptions are used in determining the Company's defined benefit plan:

	As of 31 December	
	2023	2022
Discount rate	1.30%	1.40%
Expected salary increase rate	2.50%	2.50%

Sensitivity analysis for significant assumption is shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%		\$(1,695)		\$(2,073)
Discount rates decrease by 0.25%	\$1,648		\$2,016	
Future salary increase by 0.25%	1,572		1,926	
Future salary decrease by 0.25%		(1,608)		(1,971)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(11) Equity

A. Common stock

As of 1 January 2022, the Company's authorized capital was NT\$2,200,000 thousand, issued capital was NT\$ 1,306,660 thousand, and issued shares was 130,666 thousand shares, each at a par value of NT\$10. There have been no changes as of 31 December 2023. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of 31 December	
	2023	2022
Only allowed for covering the deficit		
Unpaid dividends due to overdue	\$1,450	\$1,294

According to the Company Act, the additional paid-in capital shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the additional paid-in capital arising from the issuance of new shares at a premium and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

The Company's policy of dividend distribution is in line with current and future development plans, considering the investment environment, capital requirements, and domestic and international competitive conditions, as well as the interests of shareholders. Earnings distribution is based on the principle of sustainable and stable operation of the Company.

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: payment of all taxes and dues; offset operation losses in previous years (including adjustments to unappropriated earnings); set aside 10% of the remaining amount as legal reserve; set aside or reverse special reserve in accordance with law and regulations. After deducting the items above from the current year's earnings, the distribution of the remaining portion with the undistributed earnings at the beginning of period (including adjustments to unappropriated earnings), if any, will be proposed by the board of directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Due to the inadequate amount of retained earnings increase arising from the first-time adoption of IFRS, only the retained earnings increase of NT\$201,716 thousand resulting from the conversion to IFRS was set aside as special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. As the Company’s retained earnings was negative (accumulated deficit) as of 1 January 2012, the standard had no impact on the Company.

Additionally, during the period from 1 January to 31 December 2023, the Company disposed of certain assets, resulting in the reversal of special surplus reserve in the amount of NT\$132,480 thousand. As of 31 December 2023 and 2022, the amounts of special reserve for the first time adoption amounted to NT\$69,236 thousand and NT\$201,716 thousand, respectively.

This Company proposed the allocation and distribution of earnings for the year ended 31 December 2023 and resolved the profit allocation and distribution for the year ended 31 December 2022 in meetings held by the Board of Directors on 12 March 2024, and the Shareholders' Meeting on 30 May 2023, respectively. The details of the proposed allocation, distribution, and per-share dividends are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$113,823	\$1,520		
Common stock -cash dividend	326,665	13,067	\$2.5	\$0.1

Please refer to Note 6(15) for details on employees' compensation and remuneration to directors and supervisors.

(12) Operating income

	For the years ended 31	
	December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$1,381,718	\$1,511,208

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

A. Contract liabilities - current

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	\$48,301	\$60,013	\$35,390

(13) Expected credit (loss) gain

	For the years ended 31	
	December	
	2023	2022
Operating expenses – Expected credit (losses)/gains		
Accounts receivable	<u><u>\$(2,182)</u></u>	<u><u>\$2,795</u></u>

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of 31 December 2023 and 2022 are as follows:

31 December 2023

	Past due days					Total
	Not yet due	1-60 days	61-90 days	91-120 days	Over 120 days	
Gross carrying amount	\$143,543	\$38,995	\$3,762	\$-	\$549	\$186,849
Lifetime expected credit losses	(541)	(575)	(518)	-	(549)	(2,183)
Carrying amount	<u><u>\$143,002</u></u>	<u><u>\$38,420</u></u>	<u><u>\$3,244</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$184,666</u></u>

31 December 2022

	Past due days					Total
	Not yet due	1-60 days	61-90 days	91-120 days	Over 120 days	
Gross carrying amount	\$161,260	\$30,651	\$3,480	\$-	\$4	\$195,395
Lifetime expected credit losses	-	-	(1)	-	-	(1)
Carrying amount	<u><u>\$161,260</u></u>	<u><u>\$30,651</u></u>	<u><u>\$3,479</u></u>	<u><u>\$-</u></u>	<u><u>\$4</u></u>	<u><u>\$195,394</u></u>

Note: The Company's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables during the 31 December 2023 and 2022 are as follows:

	Notes receivables	Accounts receivable	Total
As of 1 January 2023	\$-	\$1	\$1
Addition	-	2,182	2,182
As of 31 December 2023	\$-	\$2,183	\$2,183
As of 1 January 2022	\$-	\$2,796	\$2,796
Reversal	-	(2,795)	(2,795)
As of 31 December 2022	\$-	\$1	\$1

(14) Leasehold improvements

The Company as a lessee

The Company leases transportation equipment .The lease terms range from 1 to 6 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Transportation equipment	\$465	\$1,045

(b) Leases liabilities

	As of 31 December	
	2023	2022
Leases liabilities		
Current	\$398	\$580
Non-current	71	469
Total	\$469	\$1,049

Please refer to Note 6, 16(3) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charged for right-of-use assets

	For the years ended 31 December	
	2023	2022
Transportation equipment	\$580	\$509

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	\$112	\$93

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounting to NT\$698 thousand and NT\$515 thousand.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

By nature \ By function	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$135,322	\$101,974	\$237,296	\$142,500	\$46,696	\$189,196
Labor and health insurance	15,359	4,122	19,481	15,054	3,340	18,394
Pension	5,875	1,968	7,843	6,259	1,719	7,978
Director's Remuneration	-	35,005	35,005	-	5,758	5,758
Other employee benefits expense	4,735	1,626	6,361	6,253	1,595	7,848
Depreciation	29,766	2,344	32,110	31,712	1,585	33,297
Amortization	671	59	730	519	-	519

As of 31 December 2023 and 2022, the number of employees and directors of the Company were 333 and 325 respectively. Among them, the number of directors not concurrently serving as employees were 10 and 10 respectively.

The Company's average employee benefit expenses for the years ended 31 December 2023 and 2022 were NT\$839 thousand and NT \$709 thousand, respectively. The Company's average salary expenses for the years ended 31 December 2023 and 2022 were NT \$735 thousand and NT \$601 thousand, respectively. The Company's average salary expense adjustment for the year ended 31 December 2023 increased by 22.30%.

According to the Articles of Incorporation, should not be less than 2% and no higher than 3% of profit of the current year is distributable as employees' compensation and remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The employee remuneration, whether in the form of stocks or cash, should be determined by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the consent of more than half of the attending directors, and reported to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the year ended 31 December 2023, the Company estimated employee compensation and director remuneration based on profitability at rates of 2% and 3%, in the amount of NT\$22,233 thousand and NT\$33,350 thousand, respectively, and were recorded under payroll expense and other expenses. The Company was at a loss for the year ended 31 December 2022, therefore no provision for employee compensation and director remuneration was made.

(16) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Interest income	\$5,632	\$675
Dividend income	4,461	8,881
Other income	9,647	3,320
Total	<u>\$19,740</u>	<u>\$12,876</u>

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Gains on disposal of property, plant and equipment	\$1,124,977	\$2,642
Foreign exchange gain (losses), net	(1,735)	11,478
Gains of financial asset at fair value through profit or loss	-	280
Other loss	(10,488)	-
Total	<u>\$1,112,754</u>	<u>\$14,400</u>

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on borrowings from bank	\$1,419	\$938
Interest on lease liabilities	6	9
Total	<u>\$1,425</u>	<u>\$947</u>

(17) Income taxes

(a) Deferred tax assets (liabilities) relate to the following:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Land value increment tax	\$101,106	\$ -
Adjustments in respect of current income tax of prior periods	20	-
Deferred tax (income) expense		
Deferred tax income relating to origination and reversal of temporary differences	(53,430)	(17,133)
Current income tax expense (income):	<u>\$47,696</u>	<u>\$(17,133)</u>

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax (income) expense		
Actuarial gain and loss of the defined benefit	\$(658)	\$1,866
Income tax relating to components of other comprehensive income	<u>\$(658)</u>	<u>\$1,866</u>

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit (loss) before tax from continuing operations	\$1,056,077	\$(6,145)
At statutory income tax rate	\$211,215	\$(1,229)
Expenses not deductible for tax purposes	(83)	(236)
Income exempt from taxation	(213,723)	(1,832)
Land value increment tax recognized as current income tax	41,738	-
Unrecognized tax losses/Deductible temporary difference	8,549	(13,836)
Total income tax expense (income) recognized in profit or loss	\$47,696	\$(17,133)

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance loss from price reduction of inventories	\$22,420	\$(3,163)	\$-	\$19,257
Allowance for doubtful debts	-	63	-	63
Unrealized loss on foreign exchange loss	(155)	(1,413)	-	(1,568)
Leave payable	1,978	91	-	2,069
Accumulated losses	64,085	(391)	-	63,694
Land value increment tax preparation	(114,667)	59,368	-	(55,299)
Defined Benefit Retirement Plan	(5,548)	(1,125)	658	(6,015)
Deferred tax income/(expense)		\$53,430	\$658	
Deferred tax assets/(liabilities) Net	\$(31,887)			\$22,201
The information presented on the balance sheet is as follows:				
Deferred tax assets	\$88,482			\$85,083
Deferred tax liabilities	\$(120,369)			\$(62,882)

For the year ended 31 December 2022

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance loss from price reduction of inventories	\$9,725	\$12,695	\$-	\$22,420
Allowance for doubtful debts	1,951	(1,951)	-	-
Unrealized loss on foreign exchange loss	429	(584)	-	(155)
Leave payable	1,837	141	-	1,978
Accumulated losses	56,393	7,692	-	64,085
Land value increment tax preparation	(114,667)	-	-	(114,667)
Defined Benefit Retirement Plan	(2,822)	(860)	(1,866)	(5,548)
Deferred tax income/(expense)		<u>\$17,133</u>	<u>\$(1,866)</u>	
Deferred tax assets/(liabilities) Net	<u>\$(47,154)</u>			<u>\$(31,887)</u>
The information presented on the balance sheet is as follows:				
Deferred tax assets	<u>\$70,335</u>			<u>\$88,482</u>
Deferred tax liabilities	<u>\$(117,489)</u>			<u>\$(120,369)</u>

(d) Information on unused tax losses of individuals within the Company is summarized as follows:

Year of occurrence	Deficit amount	Unused balance		Last deductible year
		31 December 2023	31 December 2022	
2017	\$41,579	\$6,978	\$8,931	2027
2018	58,992	58,992	58,992	2028
2019	59,271	59,271	59,271	2029
2020	134,320	134,320	134,320	2030
2021	58,906	58,906	58,906	2031
2023	35,147	35,147	-	2033
Total	<u>\$388,215</u>	<u>\$353,614</u>	<u>\$320,420</u>	

(e) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, the total amount of deferred income tax assets that the Company did not recognize is NT\$7,029 thousand and NT\$0 thousand respectively.

(f) The assessment of income tax returns

As of 31 December 2023, the Company's income tax filing has been finalized up to the year ended 31 December 2021.

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company(thousand)	<u>\$1,008,381</u>	<u>\$10,988</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>130,666</u>	<u>130,666</u>
Earnings per share - basic	<u>\$7.72</u>	<u>\$0.08</u>

		For the years ended 31	
		December	
		2023	2022
(b) Diluted earnings per share			
Profit (loss) attributable to ordinary equity holders of the Company(thousand)		\$1,008,381	\$10,988
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)		130,666	130,666
The impact of potential common shares with dilutive effects:			
Employee compensation expenses		1,084	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)		131,750	130,666
Earnings per share - diluted		\$7.65	\$0.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of related parties that had transactions with the Company during the financial reporting periods is as follows:

Name and nature of relationship of the related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
LIANG-WOEI FIBRE CO., LTD.	Substantive related party (President is the natural person representative of the Company's legal person directors)
HONG JEN TEXTILE CO., LTD.	Substantive related party (Directors are natural person representatives of the Company's legal person directors)
TAIWAN TAFFETA FABRIC CO., LTD.	Substantive related party(Note)

Note: The resignation of the chairman of the Company as the chairman of the Company took effect on 18 February 2022, so TAIWAN TAFFETA FABRIC CO., LTD. is no longer a related person of the Company.

Significant transactions with the related parties

(a) Sales

	For the years ended 31 December	
	2023	2022
	2023	2022
HONG JEN TEXTILE CO., LTD.	\$27,992	\$97,310

The sales price to the above related parties was determined through mutual agreement based on the market rates. The outstanding balance as of 31 December 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended 31 December	
	2023	2022
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	\$1,881	\$7,570

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(c) Account receivables

	As of 31 December	
	2023	2022
	2023	2022
HONG JEN TEXTILE CO., LTD.	\$5,010	\$3,316

(d) Accounts payable

	As of 31 December	
	2023	2022
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	\$1,295	\$-

(e) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
	2023	2022
Short-term employee benefits	\$43,498	\$9,821

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	As of 31 December		Guarantee purpose
	2023	2022	
Land	\$45,102	\$239,087	Bank loan
Buildings and structures	4,543	6,907	Bank loan
Other non-current assets	12,282	-	Government subsidy for special projects
Total	<u>\$61,927</u>	<u>\$245,994</u>	

9. Commitments and contingencies

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2023	2022
Financial assets measured at amortized cost	\$211,410	\$46,065
Cash and cash equivalents	1,209,539	263,389
Notes receivables and accounts receivable (Including Related Parties)	184,666	195,394
Other receivables (excluding income tax refund receivables)	1,365	926
Refundable deposits	2,585	23
Financial assets at fair value through other comprehensive income		
Equity instrument investment	294,920	234,855
Total	<u>\$1,904,485</u>	<u>\$740,652</u>

Financial liabilities

	As of 31 December	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$-	\$80,000
Notes and accounts payable	86,640	121,956
Other receivables	177,355	82,384
Deposits received	620	620
Total	<u>\$264,615</u>	<u>\$284,960</u>

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's currency risk is primarily affected by fluctuations in the exchange rates of the USD and the RMB. Sensitivity analysis information is as follows:

When the NT dollar appreciates/depreciates by 5% against the U.S. dollar, it will affect the Company for the years ended 31 December 2023 and 2022. The annual pre-tax profit and loss will decrease/increase by NT\$16,299 thousand and NT\$10,582 thousand respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit. The profit and loss of the Company for the years ended 31 December 2023 and 2022 will be reduced/increased NT\$0 thousand and NT\$80 thousand respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty default obligations under a contract, leading to a financial loss to the Company.

The credit risk of the Company is assessed on contracts whose fair value is a positive number on the balance sheet date. The Company only transacts with counterparties, which are financial institutions, companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company has constructed satisfied liquidity risk management construction. The Company manage liquidity risk by maintain enough loan limit, and monitor cash flows continuously. The unused bank loan limit on 31 December 2023 shows as below.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
31 December 2023					
Leases liabilities	\$400	\$71	\$-	\$-	\$471
31 December 2022					
Leases liabilities	\$586	\$471	\$-	\$-	\$1,057
Short-term loans	80,042	-	-	-	80,042

Derivative financial liabilities

None.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	<u>Short-term loans</u>	<u>Leases liabilities</u>	<u>Total liabilities from financing activities</u>
As of 1 January 2023	\$80,000	\$1,049	\$81,049
Cash flows	(80,000)	(586)	(80,586)
Non-cash change	-	6	6
As of 31 December 2023	<u>\$-</u>	<u>\$469</u>	<u>\$469</u>

Reconciliation of liabilities for the years ended 31 December 2022:

	Short-term loans	Leases liabilities	Total liabilities from financing activities
As of 1 January 2022	\$-	\$921	\$921
Cash flows	80,000	(506)	79,494
Non-cash change	-	634	634
As of 31 December 2022	<u>\$80,000</u>	<u>\$1,049</u>	<u>\$81,049</u>

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Please refer to Note 12(8)(2) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis was as follows:

As of 31 December 2023

	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Company's assets and liabilities:				
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investment				
Domestic listed stocks	\$294,625	\$-	\$-	\$294,625
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	295	295
Total	<u>\$294,625</u>	<u>\$-</u>	<u>\$295</u>	<u>\$294,920</u>

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Company's assets and liabilities:				
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investment				
Domestic listed stocks	\$234,462	\$-	\$-	\$234,462
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	393	393
Total	<u>\$234,462</u>	<u>\$-</u>	<u>\$393</u>	<u>\$234,855</u>

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of Changes in Level 3 Fair Value Measurements for Recurring Fair Value Measurements

Reconciliation for Recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2023	\$393
Deferred tax income (expense) recognized in other comprehensive income	-
Disposal	(98)
Ending balances as of 31 December 2023	\$295

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2022	\$3,292
Deferred tax income (expense) recognized in other comprehensive income	(2,801)
Disposal	(98)
Ending balances as of 31 December 2022	\$393

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: expressed in thousands of New Taiwan Dollars)

	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items: :						
USD	\$10,978	30.71	\$337,134	\$8,726	30.71	\$267,975
EUR	54	33.98	1,835	78	32.72	2,567
<u>Financial liabilities</u>						
Monetary items: :						
USD	\$363	30.71	\$11,148	\$318	30.71	\$9,766

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Company recognized NT\$(1,735) thousand foreign exchange loss and NT\$11,478 thousand foreign exchange gain for the years ended 31 December 2023 and 2022, respectively.

(10)Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2023: None

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: None

(c) Securities held as of 31 December 2023 (excluding investment in a subsidiaries, affiliated enterprises and joint venture control parts):

Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
UNIVERSAL TEXTILE CO., LTD	TAIWAN TAFFETA FABRIC CO., LTD.	—	Financial assets at fair value through other comprehensive income, non-current	17,695,218	\$294,625	13.63%	\$294,625	
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.-ordinary share	—	Financial assets at fair value through other comprehensive income – noncurrent	1,613,844	-	3%	-	Note

Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. - Preference share	—	Financial assets at fair value through other comprehensive income, non-current	29,505	295	-%	295	

Note: The Company held financial assets measured at fair value through other comprehensive income-non current — Taiwan Filament Weaving Development CO., LTD.- ordinary share, due to the loss according to its latest report, the loss was fully withdrawn in June 2023.

- (d) The cumulative amount of purchases or sales of the same securities reaches NT\$300 million or 20 percent of the paid-in capital for the year ended 31 December 2023: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023:

Company Disposing of Real Estate	Name of asset	Date of occurrence (Note)	Original Acquisition Date	Carrying amount	Transaction Amount	Status of Payment Receipt	Disposal gain or loss	Related Party	Relationship	Purpose of Disposal	Basis for Determining the Price	Other agreed terms
UNIVERSAL TEXTILE CO., LTD	Building and structures	25 August 2023	28 December 1970	\$199,857 thousands	\$1,325,091 thousands	Payment Received in Full	\$1,115,116 thousand (note 1)	SUSHI EXPRESS CO., LTD	None	Revitalizing Assets	Appraisal Report	None

Note 1: including appraisal service fee of \$10,118 thousand

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: None.

(2) Information on investees :

(a) Invested companies with significant influence or control:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023:

Investor	Investee company	Address	Main business and products	Initial Investment		Investment as of 31 December 2023			Net income(loss) of investee company (Note 1)	Investment income (loss) recognized (Note1)	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount			
UNIVERSAL TEXTILE CO., LTD	CHANG FU INVESTMENT CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Holding company	\$3,000	\$30,000	3,000,000	100 %	\$40,078	\$512	\$512	Subsidiaries
UNIVERSAL TEXTILE CO., LTD	HUNG YU TECHNOLOGY CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Wholesale of chemical raw materials	\$3,000	\$30,000	3,000,000	100 %	30,126	138	138	Subsidiaries

Note1 : Consolidation

(3) Information on investments in mainland China ;

None

(4) Information of major shareholders : The name, shareholding amount and proportion of the shareholders whose equity ratio is more than 5%

Main shareholder name	Share	Total shares owned	Shareholding ratio
LIANG HAW TECHNOLOGY CO., LTD.		15,000,000	11.47%
EVERWIN CAPITAL LIMITED		10,000,000	7.65%
DAR YU ASSET MANAGEMENT CO., LTD.		9,250,000	7.07%
SHINE LEE INVESTMENT CO., LTD		7,500,000	5.73%

VII. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None

Chapter VII. review and analysis of financial position and financial performance and assessment of risks

I. Financial position Comparison Analysis of Financial Condition:

Monetary Unit: in NT\$ thousands

Item \ Fiscal year	2023	2022	Change	
			Amounts	%
Current Assets	1,998,790	974,943	1,023,847	105
NonCurrent Assets	1,105,708	1,155,838	(50,130)	(4)
Total Assets	3,104,498	2,130,781	973,717	46
Current Liabilities	317,246	346,502	(29,256)	8
Non-Current Liabilities	93,492	151,242	(57,750)	(38)
Total Liabilities	410,738	497,744	(87,006)	(17)
Capital	1,306,660	1,306,660	0	0
Capital Reserve	1,450	1,294	156	12
Retained Earnings	1,209,599	216,918	992,681	457
Shareholders' Equity and Other Items	176,051	108,165	67,886	63
Total Shareholders' Equity	2,693,760	1,633,037	1,060,723	65
Description: 1. Due to the recognition of gains from the disposal of property, plant, and equipment amounting to \$1,115,116 thousand in 2023, related financial ratios experienced a change of over 20%.				

II. Financial performance

(I) Comparative Analysis of Financial Performance:

Monetary Unit: in NT\$ thousands

Item \ Fiscal year	2023	2022	Change	
			Amount	%
Revenue	\$1,381,718	\$1,511,208	(129,490)	(9)
Gross Margin	185,649	119,118	66,531	56
Operating Expenses	(261,361)	(152,937)	(108,424)	(71)
Net Operating Income (Net Loss)	(75,712)	(33,819)	(41,893)	(124)
Non-operating income and expenses	1,131,795	27,674	1,104,121	3,990
Pre-tax Net Income (Net Loss)	1,056,083	(6,145)	1,062,228	17,286
Income Tax Benefits (Expenses)	(47,702)	17,133	(64,835)	(378)
Net Income (Net Loss) of the Current Period	1,008,381	10,988	997,393	9,077
Description : 1. The change in gross profit from operations is due to the reevaluation of inventory policy implemented in the previous year, resulting in a higher provision for inventory impairment. 2. The variation in operating expenses and net operating loss is due to the provision of employee compensation and director remuneration in accordance with the company's Articles of Association. 3. The change in non-operating income, pre-tax net income, income tax expenses, and net income of the current period is attributed to the recognition of proceeds from the disposal of property, plant, and equipment amounting to \$1,115,116 thousand.				

(II) Sales volume forecast and the basis therefor:

Based on the Company's business strategy, the business goals and budgets of each business department, the table was made with reference to the overall industry prospects and development trends and operating conditions over the years and other reasonable assumptions.

Major Product	Quantity
Polyester fiber cloth	21,600 Thousands of yards
Polyester filament yarn	18,600 Ton

(III) Describe the effect upon the company's financial operations as well as measures to be taken in response: None.

III. Cash flow

Analysis Cash Flow Changes during the Most Recent Fiscal Year

Monetary Unit: in NT\$ thousands

Cash Balance at the Beginning of the Period	Net Cash Provided by Operating Activities for the Year	Cash Outflow for the Year	Cash Balance (Deficit)	Remedy for Cash Deficit	
				Investment Plan	Wealth Management Plan
\$1,242,589	\$150,000	\$600,000	\$792,589	None	None
1. Analysis of cash flow changes in this year: The main cash outflow in this year were dividends payment, employee and director remuneration and goods. 2. Remedial measures and liquidity analysis of estimated cash deficit: None.					

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year

None.

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

None.

VI. Analysis and assessment of risks

(I) The effect upon the company's income (loss) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Changes in interest rate

Unit: in NT\$ thousands ; %

Item	Fiscal year	2023
Consolidated interest expense		1,425
Consolidated net revenue		1,381,718
Ratio of consolidated interest expense to consolidated net revenue		0.1%

Source: Consolidated financial statements attested by the CPAs.

The proportion of the Company's 2023 interest expense to net revenue of the period is 0.1%, which is relatively small. It was mainly due to the financing interest generated by the Company's borrowing from financial institutions for operating needs. Although the market interest rate fluctuated, it did not cause a significant adverse impact on the Company's revenue and profit. The Company observes and analyzes the impact of interest rate changes in the financial market on the cash flow of all interest-bearing liabilities of the Company at any time, and maintains a good relationship with banks, and timely assesses the interest rate risks that may be encountered by all interest-bearing liabilities in order to reduce the impact of interest rate changes on the Company's income.

2. Changes in exchange rate

Unit: in NT\$ thousands ; %

Item	Fiscal year	2023
Consolidated Net Foreign Currency Exchange Income (Loss)		(1,735)
Consolidated Net Revenue		1,381,718
Ratio of Consolidated Net Foreign Currency Exchange Income (Loss) to Consolidated Net Revenue		0.13%

Source: Consolidated financial statements attested by the CPAs.

The proportion of the Company's 2023 net foreign currency exchange income to net revenue of the period is 0.13%. The depreciation of the NT

Dollar against the US Dollar has a favorable impact on the company as its revenue is mainly in US Dollars. Depending on changes in the exchange rate market, actual positions and capital status, the Company adopts natural hedge strategy, and uses spot foreign exchange transactions to avoid exchange rate risks within the scope permitted by the policy.

3. Inflation

The company has not been significantly impacted by inflation, and is constantly monitoring market price fluctuations and maintaining good relationships with suppliers and customers to avoid any adverse effects of inflation on the Company's profits and losses.

- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company has established operational procedures, such as “Operational Procedures for Loaning Funds to Others”, “Operational Procedures for Endorsements/Guarantees”, and “Operational Procedures for Acquisition or Disposal of Assets” to serve as guidelines for the Company's compliance. As of the date of printing of the annual report, the Company has not engaged in any high-risk, high-leverage investments, loaning funds to others, making endorsements/ guarantees, or trading in derivative transactions. Therefore, there are no significant risks to the Company.

- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Research and development plan of product development department:

The estimated R&D expenditure to be invested in 2024 is around NTD 10 million, and the R&D process is as follows:

Research phase ➡ Trial production in pilot factory ➡ Process development ➡ Business promotion

Factors that may affect the success of future research and development include:

- (1) Verification of R&D results.
- (2) Stability of product quality after process scale-up.
- (3) The willingness of downstream manufacturers and customers to cooperate with new product testing and whether it passes the trial.

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company's operations are operated in accordance with relevant laws and regulations domestically and abroad, and pay attention to the domestic and foreign policy development trends and changes in laws and regulations, collect relevant information to provide reference for decision-making at the management level, and consult relevant professionals to fully grasp and respond to changes in the market environment and to adjust the Company's relevant operating strategies in a timely manner. As of the reporting date of the annual report, the Company's financial position and operations have not been impacted by the major domestic and foreign policy and regulatory changes.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

In addition to continuing to pay attention to market changes and related technology development trends, the Company grasps market opportunities and is committed to developing new products and new customer base to enhance the Company's long-term competitiveness. In recent years, there have been frequent cyber-attacks, especially ransomware, which has a wide range of impacts. The Company implements strict control measures. As of the reporting date of annual report, there has no technological changes (including information security risks) and industrial changes that would impact the Company's financial position and operations.

- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since the establishment, the Company has been committed to maintaining its corporate image and strictly complying with various laws and regulations. As of the reporting date of annual report, there has no changes on the corporate image that could cause operational crisis to the Company.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: There is currently no such plan.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: There is no plan for significant expansion at the stage.

- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Risks associated with consolidation of purchasing operations, and mitigation measures being or to be taken

The Company has maintained a good and stable relationship with the suppliers, and strictly controlled the product quality in addition to fully grasping the source of raw material supply to ensure the security of the supply of key raw materials.

2. Risks associated with consolidation of sales operations, and mitigation measures being or to be taken

In 2023, the revenue contribution from any single or group of customers did not exceed 20% of the total revenue of the Company. Therefore, the Company was not exposed to risks associated with consolidation of sales. As the Company continues to expand its operations, develop new products, and acquire new customers, the risk associated with consolidation of sales is expected to decrease.

(X) Effect, Risks, and Response Measures to Changes in Directors or Shareholders Holding Over Ten Percent of Shares and Significant Transfer or Change of Equity:

As of the reporting date of the annual report, there have been no occurrences of significant transfer or change of equity involving directors or shareholders holding over ten percent of shares, thus this does not apply.

(XI) Impact, Risks, and Response Measures to Changes in Management Rights: N/A.

(XII) Litigation or Non-Litigation Events: None.

(XIII) Other Important Risks and Response Measures:None.

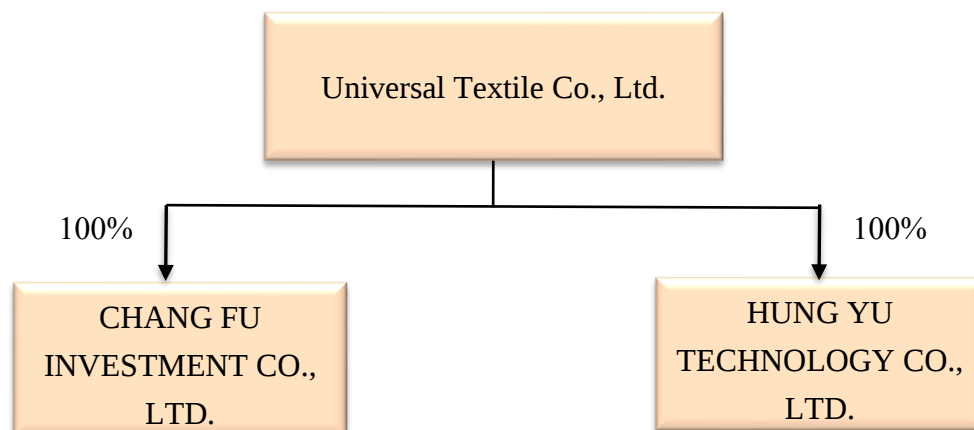
VII. Other Important Matters: None.

Chapter VIII. Special items to be included

I. Information related to the company's affiliates

1. Consolidated business report of the affiliates:

(1) Organizational chart of affiliates



(2) Basic information of each affiliate.

Name	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
CHANG FU INVESTMENT CO., LTD.	23 June 2015	7F., No. 62-5, Xining N. Rd., Taipei City	NT\$30,000,000	Domestic investment business
HUNG YU TECHNOLOGY	20 May 2022	7F., No. 62-5, Xining N. Rd., Taipei City	NT\$30,000,000	Wholesale of chemical raw materials

(3) Information on the existence of the controlling and subordinate relation of the same shareholders: None.

(4) Information on directors, supervisors and presidents of the affiliates

Unit: share; %

Name	Title	Name or representative	Shareholding	
			Share	%
CHANG FU INVESTMENT CO., LTD.	Chairman	CHEN, YAO-MING	3,000,000	100
HUNG YU TECHNOLOGY CO., LTD.	Chairman	CHEN, YAO-MING	3,000,000	100

(5) Operation Overview of the Affiliates

Unit: in NT\$ thousands

Name	Amount of Capital	Total assets	Total liabilities	Net worth	Net income (after tax) for the current period.	EPS (NT\$)
CHANG FU INVESTMENT CO., LTD.	30,000	40,128	50	40,078	512	0.17
HUNG YU TECHNOLOGY CO., LTD.	30,000	30,166	40	30,126	138	0

2. Consolidated Financial Statements of Related Companies:

The entities that are required to be included in the consolidated statements of affiliates of Universal Textile Co., Ltd. as at and for the year ended 31 December 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 “Consolidated Financial Statements”. Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Universal Textile Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

- II. Private placement of securities carried out by the company during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Until in NT\$ thousands; share; %

Name of subsidiary	Paid-in capital	Source of funds	The Company's Shareholding ratio	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed	Investment gains (losses)	Number and amount of shares held as of the publication date of the annual report	Pledge status	Amount of endorsements /guarantees by the Company for the subsidiary	Amount of loans by the Company to the subsidiary
CHANG FU INVESTMENT CO., LTD.	30,000	Investment of the Parent Company	100	None	None	None	None	None	None	None	None
HUNG YU TECHNOLOGY CO., LTD.	30,000	Investment of the Parent Company	100	None	None	None	None	None	None	None	None

IV. Other matters that require additional description

None.

V. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

Universal Textile Co., Ltd.



Chairman: Chen, Yao-Ming

