KAULIN

2023 Annual Report KAULIN MFG. CO., LTD.

Stock Code: 1531

高林股份有限公司
KAULIN MFG. CO., LTD.

112 年度年報
ANNUAL REPORT

SIRUBA

Printed on May 20, 2024
Market Observation Post System: https://mops/twse.com/tw
Venue: Area B, No. 108, Sec. 1, Dunhua S. Rd.,
Taipei City (International Convention Center)

I. Names and titles, telephone numbers and e-mail addresses of the Company's spokesperson and acting spokesperson

Spokesperson
Name: Wen-Yi Chung
Title: Special Assistant of the Chairman
Tel: (02)2713-0232
Email address: sirubatw@siruba.com

Acting Spokesperson
Name: Chiu-Hsia Wu
Title: Assistant Manager, Finance Department
Tel: (02)2713-0232
Email address: sirubatw@siruba.com

II. Addresses and telephone numbers of the headquarters and factories

Headquarters: 11F., No. 128, Sec. 3, Minsheng E. Rd., Taipei City
Tel: (02) 2713-0232
Taoyuan Plant: No. 246, Sec. 1, GuoJi Rd., Taoyuan City
Tel: (03) 326-2128
Nankan Plant: No. 42, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City
Tel: (03) 326-2128

III. Name, Address, Website and Telephone Number of Stock Transfer Agent

Name: Hua Nan Securities Co., Ltd.
Address: 4F., No. 54, Sec. 4, Minsheng E. Rd., Taipei City
Tel: (02) 2718-6425
Website: http://www.entrust.com.tw/

IV. Name, name of firm, address, website, and telephone number of the CPAs in the financial statements of the most recent year

Name of firm: KPMG Taiwan
Name: Hsu Yu-Feng, Kou Hui-Chih
Address: 68Fm, No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Tel: (02) 8101-6666
Website: https://home.kpmg/tw/zh/home.html

V. Names of overseas exchanges where the Company's securities are traded, and methods for inquiring about the overseas securities : None

VI. Official website: https://www.siruba.com

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One. Report to Shareholders

I. 2023 Business Report

(I) Business plan implementation results

The Company's consolidated operating revenue in 2023 was NTD 1.42056 billion, and the net profit after tax was NTD 14.3 million, with an net profit margin after tax 0.99%.

(II) Analysis of financial income, expenditure and profitability (consolidated)

Unit: In thousands of NTD

<table>
<tr><th colspan="3">Item/Year</th><th>2023</th><th>2022</th></tr>
<tr><td rowspan="5">Financial income and expenditure</td><td colspan="2">Revenue from sales</td><td>1,420,562</td><td>2,471,056</td></tr>
<tr><td colspan="2">Gross profit from sales</td><td>203,245</td><td>405,710</td></tr>
<tr><td colspan="2">Interest income</td><td>29,216</td><td>15,945</td></tr>
<tr><td colspan="2">Interest expense</td><td>4,060</td><td>8,090</td></tr>
<tr><td colspan="2">Net profit after tax</td><td>14,025</td><td>186,461</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>0.39</td><td>4.06</td></tr>
<tr><td colspan="2">Return on shareholders' equity (%)</td><td>0.38</td><td>5.05</td></tr>
<tr><td rowspan="2">As a percentage of paid-up capital (%)</td><td>Operating profit</td><td>-5.74</td><td>5.24</td></tr>
<tr><td>Income before tax</td><td>-2.28</td><td>14.13</td></tr>
<tr><td colspan="2">Net profit margin (%)</td><td>0.99</td><td>7.55</td></tr>
<tr><td colspan="2">Earnings per share (NTD)</td><td>0.08</td><td>1.02</td></tr>
</table>

(III) Budget implementation: The Company did not disclose financial forecast for 2023.

(IV) Research and development (R&D) status

Major R&D focus:

1. Integration and innovation of sewing equipment and semi-automatic labor-saving device
2. Independent development of sewing machine electronically controlled Servo/stepping motor drive system
3. Development of new material applications to improve sewing machine performance and durability
4. Optimization of environmentally friendly materials and process design
5. In-depth integration of sewing technology and industry-academia cooperation
6. Deepen technical cooperation and information sharing in the industry

II. 2024 business plan:

(I) Operational guidelines and important production and marketing policies:

1. Cultivate key markets in the Asia Pacific region
2. R&D towards high value-added models
3. Focus on the main business and commit to the development of energy-saving and consumption-reducing products
4. Commit to building brand marketing to enhance brand value
5. Strengthen core competitiveness and implement total quality control

(II) Estimated sales volume and basis thereof:

In 2023, the global economy faced the impact of political and economic factors such as the Russian-Ukrainian and Israel-Palestine wars, rising interest rates, and inflation. The apparel market did not perform as good as expected, and the Company's operating activities were also affected by customer destocking, showing a recession. The global economy is expected to improve in 2024, the inventory adjustment is expected to come to an end, and the demand for sewing equipment is expected to rebound. The Company will focus on improving R&D, strengthening marketing, improving quality, increasing income and reducing expenditure, and other countermeasures, in order to strive for growth in consolidated revenue and operating profit throughout the year.

(III) Business goals:

1. Increase the global market share of the Siruba brand
2. Elevate the proportion of new products and energy-saving products
3. Enhance the quality and efficiency of the overall service
4. Actively develop key markets such as India, ASEAN, and Central and South America
5. Develop new markets and channels, such as Eastern Europe, Central Asia, and Africa

III. Future development strategies of the Company:

(I) Make good use of the international division of labor model.
(II) Continue to commit to quality optimization.
(III) Create brand added value.
(IV) Pursue stable profitability.
(V) Promote ESG sustainability.

IV. Impacts from the external competition, the legal environment, and the overall business environment:

In 2023, the global economy faced the impact of political and economic factors such as the Russian-Ukrainian and Israel-Palestine wars, rising interest rates, and inflation. The apparel market did not perform as good as expected, and various sewing equipment brands are seriously affected, resulting in a general decline in revenue and profit. The global economy is expected to improve in 2024, the inventory adjustment is expected to come to an end, and the demand for sewing equipment is expected to rebound. However, in the face of the severe and changeable external environment and various unexpected risks that cannot be predicted, the Company must pay close attention to the changes in the situation, conduct risk analysis in advance, and strive to improve R&D, strengthen marketing, improve quality, and increase income and reduce expenditure, and other countermeasures. We will continue to seek progress while maintaining stability, and actively capitalize on opportunities presented by market recovery to ensure growth and long-term growth.

Chairperson: LIN CHEN, YA-ZI

Two. Company Profile

(I) Date of incorporation
KAULIN MFG CO, LTD, was founded in October 1965 by Mr. Lin Yu-Wen.

(II) Addresses and telephone numbers of the headquarters and factories

Headquarters: 11F., No. 128, Sec. 3, Minsheng E. Rd., Taipei City
Tel: (02) 2713-0232

Taoyuan Plant: No. 246, Sec. 1, Guoji Rd., Taoyuan Dist., Taoyuan City
Tel: (03) 326-2128

Nankan Plant: No. 42, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City
Tel: (03) 326-2128

(III) Company history

- 1965 KAULIN MFG CO, LTD was formally established to research, improve, manufacture and sales of automatic pocket sewing machines.
- 1971 Launched industrial portable bag sewing machine.
- 1977 In order to meet the business needs, the Youth Advice Association provided assistance in expanding a new plant in the Yangmei Youth Industrial Zone. The plant covered and area of 3,000 pings, and the capital increased by NTD 6,000,000. The Company was also actively engaged in the development of industrial double-needle flatbed sewing machines.
- 1978 Launched the industrial double-needle flatbed sewing machine and received quality recognition from the American SINGER Company. The Company was authorized to produce the SINGER 312T141 series products for export. SINGER provides design drawings and dispatches technical personnel to stay at the plant for long-term guidance on production and assembly techniques to ensure they meet SINGER's quality standards.
- 1980 Actively engaged in the development of industrial ultra-high-speed direct needle hemming sewing machines (overlock machine) and the planning and establishment of the necessary production machinery and equipment.
- 1981 Launched the series of industrial ultra-high-speed direct needle hemming machine (overlock machine) and has received widespread acclaim.
- 1982 Overlock machine has awarded
  (1) The SINGER Company of the USA was authorized to produce 860 series model for export to countries all over the world.
  (2) Technical cooperation with Italian company Rimoldi, the 427 series models were produced for export to countries around the world.
  (3) U.S. Consew, U.S. Blind Stitch, Union Special and other leading manufacturers came to our plant to make OEM orders for export.
- 1983 Capital increased to NTD 36,000,000 to enrich the operation, and established Taichung Branch and Tainan Branch.

- 1984
  - (1) Starting in June, the Company began receiving guidance from the Industrial Development Administration's Automation Service Team of the Ministry of Economic Affairs to improve production management and business operations. Additionally, we actively introduced a color management system, significantly enhancing operational performance, with an average annual growth rate of 50%.
  - (2) In August, the R&D department was established to be responsible for the research and development of new models, and new models were introduced to the market one after another, and many models were patented.
  - (3) Obtained registration approval from the Bureau of Standards, Metrology and Inspection.
- 1986
  - (1) Selected by Corporate Synergy Development Center of the Ministry of Economic Affairs, as the only central satellite plant for industrial sewing machines in Taiwan.
  - (2) The third plant and employee dormitory of the Youth plant area were added, and the floor area was expanded by 2,500 pings.
- 1987
  - The headquarters relocated to its current address on Minsheng East Rd., with an area of approximately 350 pings. Meanwhile, the Youth Plant was expanded to include training classrooms, as well as production and management department offices. The revenue continued to grow to NTD 780,000,000.
- 1988
  - (1) To enhance operational capacity, additional capital of NTD 71,000,000 was raised. Furthermore, the second plant at the Youth Plant was expanded into a three-story building, increasing the building area to 5,000 pings, with automated equipment added.
    1. Introduced the fully automatic continuous-feed overlock machines from Japan's Fuji Seiki Co., Ltd.
    2. Introduced the precision grinding equipment from MAIN SHAFT, Hiroshima, Japan.
  - (2) The domestic sales business was changed to a total distribution system. The northern region business was commissioned by Guanglin Sewing Machine Co., Ltd., and the southern region's business was appointed by Unicorn Electronic Components Co., Ltd., and the Taichung and Tainan branches were abolished.
- 1989
  - (1) Appoint professional managers to implement rational operation and management, and commit to policy management and quality improvement activities.
  - (2) Capital increase of NTD 199,000,000.
- 1991
  - (1) Launched the INTERLOCK SEWING MACHINES series, which won positive reviews due to its excellent performance.
  - (2) Strengthened the procurement management by integrating collaborative factories, shortening component lead times, and continuously improving supply and delivery accuracy.
- 1992
  - (1) Fully implemented quality and efficiency improvement plans.

(2) Continued to develop new products to meet the new functional needs of the domestic and foreign markets, and fully implemented computerized operating systems.

• 1993

(1) Fully implemented computerized operating system.
(2) Purchased additional three-dimensional inspection equipment to improve the precision of product manufacturing.

• 1994

(1) In accordance with computerization needs, all company regulations and documents were comprehensively restructured.
(2) Passed the "ISO-9002" international quality assurance system certification from the Bureau of Standards, Metrology and Inspection.
(3) The 4-needle and 12-needle circular suture series were successfully introduced to the market and received critical acclaim.

• 1996

(1) In January, all models received the CE mark certification in Europe.
(2) In June, the Company merged with Tai-Yi Investment Co., Ltd.
(3) Successfully developed four-needle flat turning machine (HF008 series) and launched it in the market.
(4) In response to domestic business needs, the subsidiary, E-Lin Textile Co., Ltd., was established to provide better sales and maintenance services.

- 1997
  (1) On November 1 of this year, the Company engaged Wang Chin-Shan and Chen Ching-Hsiang of Deloitte & Touche to be the Company's CPAs.
  (2) Developed three-needle high-speed small cylinder circular sewing machine (S007 series) and successfully launched it into the market.
  (3) Awarded the "Taiwan Excellent Product Mark" by the Ministry of Economic Affairs.
  (4) Received approval from the Ministry of Economic Affairs to apply for the merger of Donglin Sewing Machine Co., Ltd., and the merger took effect on November 1. The assets, liabilities, rights and obligations of Donglin Sewing Machine Co., Ltd. were assumed by the Company.
  (5) The capital increase in cash, capital increase by recapitalization of earnings, capital increase through merger, and supplementary public offering were approved by the Securities and Futures Bureau of the Financial Supervisory Commission on July 21, 1997, under Letter (86) Tai-Cai-Zheng No. 53127. A resolution to increase the capital to NTD 678,000,000 was approved in the extraordinary shareholders' meeting on November 16 of the same year.
  (6) To expand product diversification and increase market share, Siruba Investment Pte., Ltd. invested USD 6,750,000 in Shih Hwa Machinery (Shenzhen) Co., Ltd. (renamed to Kaulin Electric Machinery (Shenzhen) Co., Ltd. in February 1998) in China.
  (7) Appointed Capital Securities Corporation, MasterLink Securities Corporation, and Jin Sun Securities Co., Ltd. for the planning and guidance of stock listings. In September, the Company reported the listing agreement to the Taipei Exchange.
  (8) Extraordinary shareholders' meeting was held on November 16 to elect new directors and supervisors.
- 1998
  (1) The Company increased capital by NTD 101,700,000 from earnings to increase the capital to NTD 779,700,000.
  (2) In order to meet the need for capital, the Company invested USD 2,250,000 in Kaulin Electromechanical (Shenzhen) Co., Ltd. (China) through Siruba Investment Pte. Ltd., in Singapore to increase the investment amount to USD 9,000,000.
  (3) The Company acquired the Hong Kong Tung Lin Sewing Machine Co., Ltd., and the U.S. Siruba Latin America Inc., and other branches, with a view to establishing a global marketing network and expanding market share.
  (4) In response to the Y2K computer crisis, the Company fully updated all computer software and hardware systems to ensure an information system free from such issue.
  (5) Actively develop new models such as single-needle flatbed sewing machines, post-bed sewing machines, and roller machines.

(6) The Taipei Exchange's Securities Review Committee has approved the Company's motion for stock listing.

- 1999
  - (1) In March, the mass production and launch of the single-needle flatbed sewing machine, post-bed sewing machine and roller machines were made.
  - (2) The overlock machine was awarded the Good Design Label in May.
  - (3) The stock was officially listed for trading on June 2.
  - (4) Capital increase by NTD 155,940,000 from earnings, so that the capital increased to NTD 935,640,000.
- 2000
  - (1) On June 2, the Company was approved as the leading new product development plan by the Ministry of Economic Affairs.
  - (2) Transferred from OTC listing to the main board listing on September 11.
  - (3) The capital increased by recapitalization of earnings and employee bonus by NTD 148,482,240 to increase the capital to NTD 1,084,122,240.
- 2001
  - (1) Capital increase by recapitalization of earnings and employee bonus by NTD 114,998,820 to increase the capital to NTD 1,199,121,060.
  - (2) Completion of the development of heavy duty flatbed sewing machines, double-needle flatbed sewing machines, and electronically controlled sewing machines.
- 2002
  - (1) Passed the new ISO9001-2000 certification in March.
  - (2) Launch of PK588 as a new product.
  - (3) Officially introduced ERP to improve management performance.
  - (4) Increased the shareholding ratio of the investment in China Kaulin Electromechanical (Shenzhen) Co., Ltd., through Singapore-based Sibura Investment Pte. Ltd., to 70%.
  - (5) Implemented TPM throughout the plant to improve equipment efficiency.
- 2003
  - (1) Actively promoted the introduction of ERP in overseas affiliates to further improve operation and management performance.
  - (2) Fully activate the knowledge management (KM) system.
- 2004
  - (1) The capital increased by recapitalization of earnings and employee bonus for NTD 188,776,580 to increase the capital to NTD 1,387,897,640.
  - (2) The subsidiary, E-Lin Textile Co., Ltd., was closed in December due to the completion of the staged task.
- 2005
  - (1) Established the Taipei branch to provide domestic sales and maintenance services.
  - (2) The capital increased by recapitalization of earnings and employee bonus amounting to NTD 72,545,600 to increase the capital to NTD 1,460,443,240.
  - (3) To expand its business operations, the Company, through Singapore's Siruba Investment Pte., Ltd., invested in Kaulin Electromechanical Industrial (Shenzhen) Co., Ltd., and reinvested its earnings to establish Kaulin Machinery

and Electronic Industrial (Ningbo) Co.,Ltd. The total investment amounted to USD 58,500,000, with a registered capital of USD 19,500,000. In July of this year, USD 5,850,000 was injected into the capital.

- 2006
  (1) In recent years, the Company has been committed to the development of new products and actively adjusted its operational policies. The strategy “Orders in Taiwan, Production in China” is our response to the rise of China and globalization. To maintain our competitive edge and expand industry scale, the Board of Directors decided to partially reduce production and halt operations at the Youth Plant and Nankan Plant, and move production to China. Despite the relocation of manufacturing, R&D, marketing, operational integration, and financial planning was still managed by the Company.
  (2) The capital increased by recapitalization of earnings and employee bonus by NTD 234,512,410 to increase the capital to NTD 1,694,955,650.
  (3) The registered capital of Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., is USD19,500,000, which was fully paid in October of this year.
  (4) To utilize funds flexibly, the Company disposed of idle plant buildings and land at the Youth Plant in December of this year.
- 2007
  (1) The Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., established through the reinvestment of earnings by Singapore's Siruba Investment Pte. Ltd., in Kaulin Electromechanical Industrial (Shenzhen) Co., Ltd., officially commenced operations and production on January 20 of this year.
  (2) The Company was awarded the 4th "Taiwan Excellent Brand" by the Taiwan External Trade Development Council.
  (3) Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., and Ningbo Kaulin Electric Machinery Co., Ltd. completed the merger, and the registered capital after the merger was USD 20,500,000.
  (4) The earnings from the investment in Kaulin Electromechanical Industry (Shenzhen) Co., Ltd. in China increased by USD 16,000,000 to Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., which was fully paid in December of this year. After the capital increase, the registered capital amounted to USD 36,500,000.
  (5) In June, SiRUBA India was established.
- 2008
  (1) Increased the shareholding ratio in Kaulin Electromechanical (Shenzhen) Co., Ltd., and Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., through Singapore’s Siruba Investment Pte., Ltd., to 85%.
  (2) Capital increase by recapitalization of earnings and employee bonus by NTD 236,555,150 to increase the capital to NTD 1,931,510,800.

- 2009
  (1) In March, we implemented a Product Data Management (PDM) system to centrally manage the group’s R&D drawings and related specifications. This system enables comprehensive recording of the process involved in product development, trial production, mass production, and design changes, as well as version control.
  (2) In April, the Company introduced the Group’s Business Intelligence (BI) platform to improve the real-time multi-dimensional dynamic analysis ability of the business performance of each business unit of the Group.
  (3) The Company was awarded the "Taiwan Excellent Brand" by the Taiwan External Trade Development Council.
- 2010
  (1) Completed the two-year project of the Value Chain Operation Headquarters under the Industrial Development Administration to effectively improve the supply chain integration capability of the Group.
- 2011
  (1) Received the "Taiwan Top 100 Brands" and participated in the "Taiwan Best Products 20th Anniversary and Taiwan Top 100 Brands Exhibition".
- 2012
  (1) Two subsidiaries, namely Hong Kong Tung Lin Sewing Machine Co., Ltd., and Kaulin Electromechanical (Shenzhen) Co., Ltd., were liquidated and dissolved to consolidate the investment and operation in China.
  (2) In response to changes in the Indian market and adjustment of business model, the Company sold its subsidiary, Siruba India.
- 2013
  (1) Obtained qualification approval as a Taiwanese enterprise under the “Enhanced Program to Encourage Taiwanese Businesses to Invest in Taiwan”.
  (2) Other shares of Siruba Investment Pte., Ltd., in Singapore were purchased, and the shareholding of Kaulin Machinery and Electronic Industrial (Ningbo) Co., Ltd., in China was increased to 100%.
  (3) Purchased a new plant in Taoyuan to produce high-end products and upgrade the quality.
- 2014
  (1) Demolition and reconstruction of new plant in Taoyuan.
- 2015
  (1) Acquired license for the new plant in Taoyuan.
  (2) Completed registration for the new plant in Taoyuan.
  (3) Acquired plant registration certificate for the new plant in Taoyuan.
- 2016
  (1) Taoyuan Plant officially opened.
- 2018
  (1) Ningbo Kaulin Yinjian Plant launched the investment plan for intelligent and flexible production.
  (2) Participated in the TITAS 2018 Taipei Textile Exhibition and expanded to host the global distributors’ conference.
  (3) Awarded the "Intelligent Manufacturing Brand Value Extension Plan of 2018" approved by Industrial Development Administration.
- 2019
  (1) The subsidiary in Vietnam was established.
- 2023
  (1) Liquidated the subsidiary, Young Da LLC, of SiRUBA Latin America Inc.

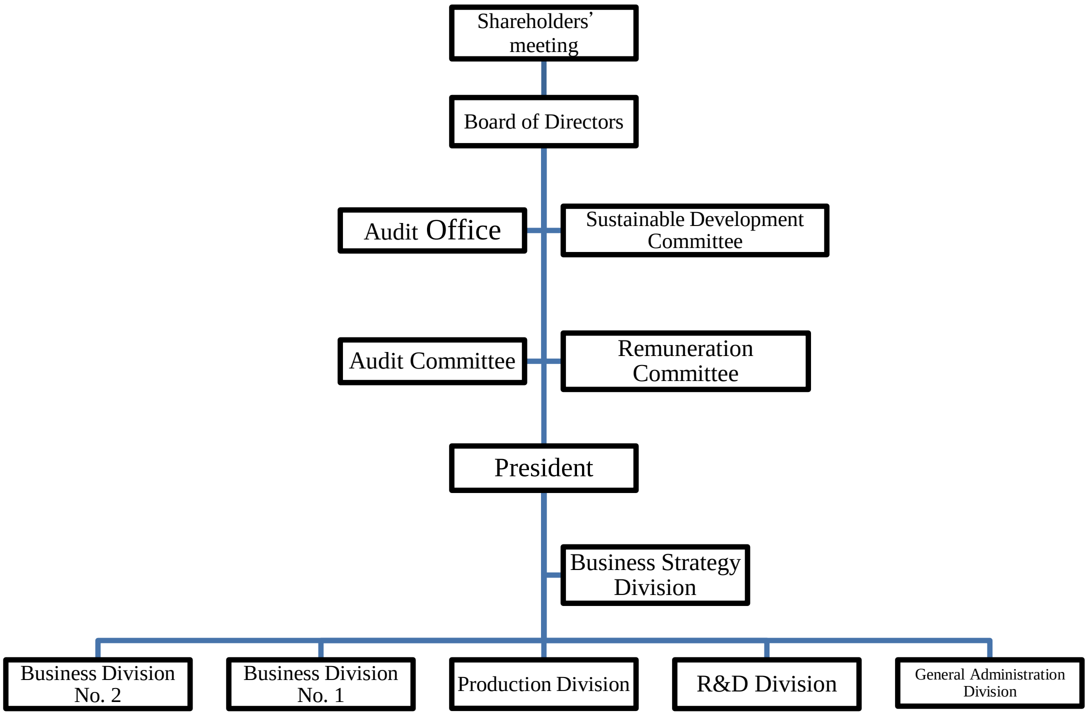
(2) Capital increase in the subsidiary in Vietnam by USD 2 million.

Three. Corporate Governance Report

I. Organization of the Company

1. Organizational system

Organizational Chart



2. Business activities of each department

Department	Main duties and responsibilities
Audit Office	Responsible for the planning, executing, and tracking of internal audits, as well as providing analysis, evaluation and other recommendations.
Sustainable Development Committee	1. The Company's ESG Decision-Making Center, led by the General Manager, consists of department-level (and above) heads, heads of plants, and the CEO of Kaulin Foundation. Together, they formulate corporate social responsibility and sustainable development directions and targets, as well as draft related management policies and specific implementation plans. 2. Provide the directors and independent directors with the information needed to carry out their business, assist them in complying with laws and regulations, and handling matters related to the Board of Directors and shareholders' meetings in accordance with the law.
Remuneration Committee	Assist the Board of Directors in the implementation and evaluation of the Company's overall remuneration and benefit policies, as well as the remuneration of directors and managers.
Audit Committee	Assist the Board of Directors in fulfilling its mission of supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial control.
Business Strategy Division	Responsible for business decision-making, quality management, production and sales coordination, organizational and talent development, and marketing planning.
General Administration Division	Strategic planning, execution and supervision, human resource management and organizational development, planning, establishment, development, and management of various information systems and equipment within the Company, as well as annual budget planning and operations in finance, accounting and taxation.
R&D Division	New product research and development, production technology and product design business.
Production Division	Product manufacturing and management.
Business Division No. 1	Responsible for marketing and sales management of regions including Mumbai, India, Europe, Central Africa, America, and the U.S. subsidiary.
Business Division No. 2	Responsible for marketing and sales management of regions including Taiwan, Korea, Southeast Asia, as well as the Vietnam subsidiary, and China.

II. Information on Directors, General Managers, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches:

1. Information of directors

(1) Basic information of directors

April 23, 2024

Job title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date of initial election	Shares held at the time of appointment		Number of shares held		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other heads, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remark
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationships	
Chairman	Taiwan	Lin Chen Ya-Tzu	Female Over 70	1120630	3 years	1090624	2,187,412	1.19	2,587,412	1.41	15,496,873	8.44	-	-	1. Chairman, KAULIN MFG CO, LTD 2. Chairman, Kaulin Foundation	1. Chairman, KAULIN MFG CO, LTD 2. Chairman, Tong Yi Investment Co., Ltd. 3. Chairman, Guanglin Investment Co., Ltd. 4. Chairman, Kaulin Foundation	Representative of corporate director President Representative of corporate director	Lin Sheng-Zhi Lin Pei-Chia Lin Yu-Chen	Mother and son Mother and son Mother and daughter	Note
Director	Taiwan	Hung-Lin Investment Co., Ltd.		1120630	3 years	1060615	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
	Taiwan	Representative of Hung-Lin Investment Co., Ltd.: Lin Sheng-Zhi	Male 50~60	1120630	3 years	761126	6,483,205	3.53	6,483,205	3.53	0	0	0	0	1. General Manager, KAULIN MFG CO, LTD 2. Director, SiRUBA Latin America Inc. 3. Director, SiRUBA Singapore 4. Director, Young Da LLC	1. Director, SiRUBA Latin America Inc. 2. Director, SiRUBA Singapore 3. Director, Young Da LLC 4. Chairman, Hung-Lin Investment Co., Ltd. 5. Chairman, Gao Cheng Capital	Chairman Representative of corporate director President	Lin Chen Ya-Tzu Lin Yu-Chen Lin Pei-Chia	Mother and son Siblings Siblings	Note

Job title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date of initial election	Shares held at the time of appointment		Number of shares held		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other heads, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remark
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationships	
Director	Taiwan	Hung-Lin Investment Co., Ltd.		1120630	3 years	1060624	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
	Taiwan	Representative of Hung-Lin Investment Co., Ltd.: Lin Yu-Chen	Female 50~ 60	1120630	3 years	1120630	2,981,803	1.62	2,981,803	1.62	-	-	-	-	CEO, Kaulin Foundation	1. CEO, Colin Foundation 2. Chairman, Wei Li Investment Co., Ltd.	Chairman President Representative of corporate director	Lin Chen Ya-Tzu, Lin Pei-Chia Lin Sheng-Zhi	Mother and daughter Siblings Siblings	Note
Independent Director	Taiwan	Yang Chi-Lun	Male 50 ~ 60	1120630	3 years	1090624	0	0	0	0	0	0	0	0	Doctor of Laws, China University of Political Science and Law	CEO/Attorney, Center & Logic Law Firm	None	None	None	
Independent Director	Taiwan	Huang Li-Ting	Female 50~ 60	1120630	3 years	1090624	0	0	0	0	0	0	0	0	Ph.D. in Information Management, National Central University	Associate Professor, Department of Information Management, Chang Gung University	None	None	None	
Independent Director	Taiwan	Tang Yan-Bo	Male 60~ 70	1120630	3 years	1120630	0	0	0	0	0	0	0	0	Doctor of Laws Chinese Culture University	1. President, St. John's University 2. Chairman, Taipei Hwa Kang Art School	None	None	None	

Job title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date of initial election	Shares held at the time of appointment		Number of shares held		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other heads, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remark
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationships	
Independent Director	Taiwan	Lin Sheng-Sheng	Male 50~60	1120630	3 years	1090624	0	0	0	0	0	0	0	0	1. National Taiwan University, Law Credit Class No. 38 2. Master, Graduate School of Management, Ming Chuan University 3. Department of Accounting, Fu Jen Catholic University 4. Assistant Manager, Deputy General Manager and Director of Underwriting Department of a large-scale securities firm 5. General Manager and Chairman of Chuan Shan Investment Trust	1. Part-time lecturer, Department of Finance, Chinese Culture University 2. Independent Director, Kaulin Co., Ltd. 3. Independent Director, KH-KY Holdings Co., Ltd. 4. Independent Director, Kingray Technology Co., Ltd. 5. Lecturer of undergraduate program in Financial Management at the Straits College, Minjiang University, Fujian Province, China 6. Director of the second term of Taiwan Independent Director Association	None	None	None	

Note: The Chairman and the General Manager of the Company are relatives of the first degree of kinship. This arrangement is due to the Company's operational needs, with the expectation that more centralized power will enhance operational efficiency and facilitate smoother decision-making and execution. The Company responded by adding one independent director and more than half of the directors did not concurrently serve as employees or managers to strengthen the supervisory function of the Board of Directors.

(2) Major shareholders of the corporate shareholder

April 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
HUNG-LIN Investment Co., Ltd.	Guang Lin Investment Co., Ltd.

(3) Major shareholders of corporate shareholders

April 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
Guang Lin Investment Co., Ltd.	Tong Yi Investment Co., Ltd. (42.53%)
	Gao Cheng Capital (30.03%)
	Chiayi Investment Co., Ltd. (27.44%)
Tong Yi Investment Co., Ltd.	Lin Chen Ya-Tzu (7.71%)
	Lin Yu-Wen (15.22%)
	Gao Cheng Capital (17.67%)
	Chiayi Investment Co., Ltd. (8.76%)
	Lin Sheng-Chih (1.59%)
	Lin Pei-Chia (10.71%)
	Hua-Li Investment Co., Ltd. (9.80%)
	Wei Li Investment Co., Ltd. (9.80%)
	Lin Hsiu-Jung (9.37%)
	Lin Yu-Chen (9.37%)
Gao Cheng Capital	Lin Sheng-Chih (96.78%)
	Lin Cheng-Wei (1.61%)
	Lin Yi-Ting (1.61%)
Chiayi Investment Co., Ltd.	Lin Pei-Chia (95.78%)
	Lin Cheng-Hsien (2.11%)
	Lin Yi-Chieh (2.11%)
Hua-Li Investment Co., Ltd.	Lin Hsiu-Jung (99.99%)
	Lin Yu-Chen (0.01%)
Wei Li Investment Co., Ltd.	Lin Yu-Chen (99.99%)
	Lin Hsiu-Jung (0.01%)

(4) Disclosure of information on directors' professional qualifications and independence of independent directors:

Condition / Name	Professional qualifications and experience (Note 1)		Status of independence (Note 2)				Number of independent directors concurrently serving in other public companies
	Professional qualifications and experience	There are no circumstances as specified in each item of Article 30 of the Company Act	The shareholder, spouse, or any relative within the second degree of kinship does not serve as a director, supervisor or employee of the Company or any of its affiliates.	The shareholder, spouse, or any relatives within the second degree of kinship do not own any shares of the company	The shareholder, spouse, or any relatives within the second degree of kinship do not serve as a director, supervisor or employee of companies specifically related to the Company	The amount of remuneration received by the shareholder, spouse, or relatives within the second degree of kinship for providing business, legal, financial, or accounting services to the Company or its affiliates in the past two years	
Lin Chen Ya-Tzu	Chairman, Kaulin Foundation Chairperson, Dong Yi Investment Company	V				0	0
Representative of HUNG-LIN Investment Co., Ltd.: Lin Sheng-Chih	General Manager, KAULIN MFG CO, LTD. Director, SiRUBA Latin America Inc. Director, SiRUBA Singapore Director, Young Da LLC Chairperson, Hong Lin Investment Company Chairperson, Gao Cheng Investment Company	V				0	0
Representative of HUNG-LIN Investment Co., Ltd.: Lin Yu-Chen	CEO, Kaulin Foundation Chairman, Wei Li Investment Co., Ltd.	V				0	0
Independent Director: Lin Sheng-Sheng	1. Master, Graduate School of Management, Ming Chuan University 2. Part-time lecturer, Department of Finance, Chinese Culture University 3. Manager, Assistant Manager, Deputy General Manager, and Director of Underwriting Department of a large-scale securities firm 4. Independent Director, KH-KY Holdings Co., Ltd. 5. Independent Director, Kingray Technology Co., Ltd.	V	V	V	V	0	2
Independent Director: Yang Chi-Lun	CEO/Attorney, Center & Logic Law Firm	V	V	V	V	0	0
Independent Director: Huang Li-Ting	Associate Professor, Department of Information Management, Chang Gung University	V	V	V	V	0	0
Independent Director: Tang Yen-Bo	St. John's University Chairman, Taipei Hwa Kang Art School	V	V	V	V	0	0

2. Diversity and independence of the Board of Directors:

(1) Policy: In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles" (Capabilities that the Board of Directors should have as a whole)

The Company's Board of Directors shall guide the Company's strategies, supervise the management, and be accountable to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of shareholders' meetings.

The structure of the Company's Board of Directors should be based on the scale of the Company's business development and the shareholdings of major shareholders, and the need for practical operations, and determine an appropriate number of directors for five or more members.

The composition of the Board of Directors shall take diversity into consideration. Apart from ensuring that directors who have also serve as company managers do not exceed one-third of the board seats, appropriate diversity policies should be formulated based on the Company’s operations, business model, and development needs. These policies should include, but not limited to, the following two major aspects:

I. Basic conditions and values: Gender, age, nationality and culture.

II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Members of the Board of Directors shall generally possess the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole should have the following capabilities:

I. Operational judgment.
II. Accounting and financial analysis ability.
III. Operation and management ability.
IV. Crisis management capability.
V. Industry knowledge.
VI. International market perspective.
VII. Leadership.
VIII. Decision-making ability.

(2) Implementation status of the Board of Directors diversity policy

Diversification indicator / ame/ ender/Nationality	Age		Professional background and industrial experience	Operational judgment	Accounting and financial analysis ability	Operation and management ability	Crisis management capability	Industry knowledge	International market perspective	Leadership	Decision-making ability
	50~60	Over 61									
Lin Chen Ya-Tzu/Female TW		V	V	V	V	V	V	V	V	V	V
Lin Sheng-Chih/Male/TW	V		V	V	V	V	V	V	V	V	V
Lin Yu-Chen/Female/TW	V		V	V	V	V	V	V	V	V	V
Yang Chih-Lun/Male/TW	V			V	V	V	V	V	V	V	V
Lin Sheng-Sheng/Male/TW	V			V	V	V	V	V	V	V	V
Huang Li-Ting/Female/TW	V			V	V	V	V	V	V	V	V
Tang Yen-Bo/Male/TW		V		V	V	V	V	V	V	V	V

(3) Independence of the Board of Directors:

② The Company attaches great importance to the independence and diversity of the members of the Board of Directors. For the independence of the Board of Directors, the goal is to have no less than 3 independent directors and no less than one-fifth (inclusive) of the Board of Directors **.** In 2023, the Board of Directors had 4 independent directors, making up four-sevenths of the seats. Additionally, the goal is to limit the number of directors who are also employees of the Company to no more than one-third of the seats. In 2023, there were two directors who were also employees of the Company, consisting one-sevenths of the seats. There are three directors who are spouses or relatives within second degree of kinship, comprising three out of seven of the seats.

② Directors' continuing training and education

Job title	Name	Date of education		Organizer	Course name	Number of hours
		From	Up to			
Chairman	Lin Chen Ya Tzu	2023/12/08	2023/12/08	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	3
Chairman	Lin Chen Ya Tzu	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Chairman	Lin Chen Ya Tzu	2023/04/27	2023/04/27	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3
Representative of corporate director	Lin Sheng-Zhi	2023/12/08	2023/12/08	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	3
Representative of corporate director	Lin Sheng-Zhi	2023/10/20	2023/10/20	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
Representative of corporate director	Lin Sheng-Zhi	2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
Representative of corporate director	Lin Yu-Chen	2023/11/22	2023/11/22	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	3
Representative of corporate director	Lin Yu-Chen	2023/10/13	2023/10/13	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
Representative of corporate director	Lin Yu-Chen	2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
Representative of corporate director	Lin Yu-Chen	2023/07/18	2023/07/18	Accounting Research and Development Foundation	2023 "Transition Finance And Sustainability Disclosure"	3
Independent Director	Yang Chi-Lun	2023/11/15	2023/11/15	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	3
Independent Director	Yang Chi-Lun	2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
Independent Director	Lin Sheng-Sheng	2023/04/13	2023/04/13	Taiwan Institute of Directors	2023 KPMG Leadership Academy Forum	3
Independent Director	Lin Sheng-Sheng	2023/04/12	2023/04/12	Taiwan Independent Director Association	2023 Independent Director Academy - Unit courses	3
Independent Director	Lin Sheng-Sheng	2023/03/28	2023/03/28	Taiwan Independent Director Association	2023 Independent Director Academy - Unit courses	3
Independent Director	Huang Li-Ting	2023/11/22	2023/11/22	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	6
Independent Director	Huang Li-Ting	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Tang Yan-Bo	2023/11/29	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Compliance Education Seminar	3
Independent Director	Tang Yan-Bo	2023/11/17	2023/11/17	Taiwan Institute for Sustainable Energy	2023 6th Global Corporate Sustainability Forum4-1	3

Job title	Name	Date of education		Organizer	Course name	Number of hours
		From	Up to			
Independent Director	Tang Yan-Bo	2023/11/17	2023/11/17	Taiwan Institute for Sustainable Energy	2023 6th Global Corporate Sustainability Forum4-2	3
Independent Director	Tang Yan-Bo	2023/11/14	2023/11/14	Taiwan Institute for Sustainable Energy	2023 6th Global Corporate Sustainability Forum1-1	3
Independent Director	Tang Yan-Bo	2023/11/14	2023/11/14	Taiwan Institute for Sustainable Energy	2023 6th Global Corporate Sustainability Forum1-2	3

③ Continuing education status of the Head of Corporate Governance

Job title	Name	Date of education		Organizer	Course name	Number of hours
		From	Up to			
Head of Corporate Governance	Lin Tseng-Hsin	2023/04/13	2023/04/13	Taiwan Institute of Directors	2023 KPMG Leadership Academy Forum: Business Opportunities and Challenges of the Net Zero Boom	3
Head of Corporate Governance	Lin Tseng-Hsin	2023/04/27	2023/04/27	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3
Head of Corporate Governance	Lin Tseng-Hsin	2023/10/13	2023/10/13	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
Head of Corporate Governance	Lin Tseng-Hsin	2024/01/30	2024/01/31	Securities and Futures Institute	Practical Workshop for Directors, Supervisors (including Independent Directors) and the Head of Corporate Governance - Taipei	12

First assumed office on March 23, 2023

④ Continuing education status of the Head of Accounting

Job title	Name	Date of education		Organizer	Course name	Number of hours
		From	Up to			
Head of Accounting	Lin Tseng-Hsin	2023/07/13	2023/07/14	Accounting Research and Development Foundation	Continuing Education Course for Head of Accounting	12

3. Information on the General Manager, Deputy General Manager, Assistant Manager, and the heads of various departments and branches

April 23, 2024

Job title	Nationality	Name	Gender	Date of election	Number of shares held		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the other companies	Managers who are a spouse or a relative within the second degree of kinship			Remark
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationship	
President	Taiwan	Lin Pei-Chia	Male	1130825	4,005,205	2.18	593,308	0.32	0	0	General Manager, Kaulin MFG	Director, SiRUBA Singapore Director, SIRUBA Vietnam Chairperson, Jia Yi Investment Company	Chairman Representative of corporate director Representative of corporate director	Lin Chen Ya-Tzu Lin Sheng-Zhi Lin Yu-Chen	Mother and son Siblings Siblings	Note
Assistant Manager of General Administration Division and Head of Corporate Governance	Taiwan	Lin Tseng-Hsin	Male	1031015	0	0	0	0	0	0	Soochow University	None	None	None	None	
Assistant Manager, Business Strategy Division	Taiwan	Lin Wen-Ling	Female	1100201	0	0	0	0	0	0	Chinese Culture University	None	None	None	None	
Assistant Manager, Production Division	Taiwan	Chan Cheng-Wei	Male	1100201	10,579	0.01	0	0	0	0	Army Academy R.O.C. (Junior College)	None	None	None	None	
Business Division No. 2 Assistant Manager	Taiwan	Tseng Chih-Cheng	Male	1100201	13,130	0.01	0	0	0	0	Kunshan Institute of Technology	None	None	None	None	

Note: The Chairman and the General Manager of the Company are relatives of the first degree of kinship. This arrangement is due to the Company’s operational needs, with the expectation that more centralized power will enhance operational efficiency and facilitate smoother decision-making and execution. The Company has increased the number of independent directors and more than half of the directors are not employees or managers concurrently to strengthen the Board of Directors' supervisory function.

4. Remuneration paid to directors, general managers and deputy general managers in the most recent fiscal year

4-1 Remuneration to Directors and Independent Directors. Unit: NTD thousand

Job title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of net income after tax (%)		Remuneration for concurrently serving as an employee								The sum of A, B, C, D, E, F and G as a percentage of net income (%)		Received remuneration from reinvested businesses other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Retirement pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
																Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus			
Chairman	Lin Chen Ya-Tzu	3,383	3,383	0	0	118	118	72	72	25.48	25.48	0	0	0	0	0	0	0	0	25.48	25.48	0
Director	Lin Sheng-Zhi	0	0	0	0	120	120	72	72	1.37	1.37	3,679	3,679	61	61	0	0	0	0	28.04	28.04	0
Director	Lin Pei-Chia	0	0	0	0	60	60	36	36	0.68	0.68	0	0	0	0	0	0	0	0	0.68	0.68	0
Director	Chen Yi-Feng	0	0	0	0	0	0	36	36	0.26	0.26	800	800	44	44	0	0	0	0	6.27	6.27	0
Director	Lin Yu-Chen	0	0	0	0	60	60	36	36	0.68	0.68	661	661	0	0	0	0	0	0	5.40	5.40	0
Independent Director	Lin Sheng-Sheng	500	500	0	0	100	100	72	72	4.79	4.79	0	0	0	0	0	0	0	0	4.79	4.79	0
Independent Director	Yang Chi-Lun	500	500	0	0	100	100	72	72	4.79	4.79	0	0	0	0	0	0	0	0	4.79	4.79	0
Independent Director	Huang Li-Ting	400	400	0	0	100	100	72	72	4.08	4.08	0	0	0	0	0	0	0	0	4.08	4.08	0
Independent Director	Tang Yan-Bo	0	0	0	0	60	60	36	36	0.68	0.68	0	0	0	0	0	0	0	0	0.68	0.68	0
Total		4,783	4,783	0	0	718	718	504	504	42.82	42.82	5,578	5,578	115	115	350	350	0	0	80.21	80.21	0

1. Please state the policy, system, standards and structure of the remuneration to independent directors, and the correlation to the amount of remuneration based on the responsibilities, risks, time invested and other factors:
   The remuneration to the independent directors of the Company shall be governed by the Articles of Incorporation. Their remuneration is determined based on their level of participation in the Company's operations, the value of their contributions, and by referring to the usual standards within the industry.
2. In addition to the remuneration disclosed in the above table, the remuneration received by the directors for providing services (such as serving as a consultant who is not an employee, etc.) for all companies included in the financial statements in the most recent year: None

Note: Directors Lin Pei-Chia and Chen I-Feng were dismissed on June 30, 2023. Director Lin Yu-Chen and Independent Director Tang Yen-Bo were reappointed on June 30, 2023.

4-2. Remuneration to General Manager and Deputy General Manager Unit: NTD thousand

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus			
President	Lin Sheng-Zhi	2,160	2,160	61	61	1,519	1,519	0	0	0	0	26.67	26.67	0

4-3. Remuneration of the top five executives with the highest remuneration. Unit: NTD thousand

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus			
President	Lin Sheng-Zhi	2,160	2,160	61	61	1,519	1,519	0	0	0	0	26.67	26.67	0
Assistant Manager, R&D Division	Tseng Chih-Cheng	1,640	1,640	156	156	468	468	80	0	80	0	16.71	16.71	0
Assistant Manager of General Administration Division and Head of Corporate Governance	Lin Tseng-Hsin	1,530	1,530	91	91	532	532	80	0	80	0	15.92	15.92	0
Assistant Manager, Production Division	Tu Yu-Lin	1,535	1,535	131	131	508	508	0	0	0	0	15.50	15.50	0
Assistant Manager, Production Division	Chan Cheng-Wei	1,266	1,806	120	120	435	435	80	0	80	0	13.55	17.40	0

4-4. Names of managers assigned with employee remuneration and distribution status:

Unit: In thousands of NTD

	Job title	Name	Amount of shares	Amount of cash	Total	Total as a percentage of net income after tax (%)
Manager	President	Lin Sheng-Zhi	0	400	400	2.85%
	Assistant Manager	Lin Wen-Ling				
	Assistant Manager	Tseng Chih-Cheng				
	Assistant Manager	Pan Ping-Yueh				
	Assistant Manager	Lin Tseng-Hsin				
	Assistant Manager	Chan Cheng-Wei				

General Manager Lin Sheng-Chih retired on March 25, 2024, Sales Department Associate Pan Ping-Yueh resigned on March 31, 2024

5. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Content	2023		2022	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Net income after tax in the parent company only financial statements (NTD thousand)	14,025	14,025	186,461	186,461
Percentage of directors' remuneration (%)	80.21	80.21	7.76	7.76
Percentages of General Manager and Deputy General Managers’ remuneration (%)	26.67	26.67	2.89	2.89

(1) The remuneration of directors and supervisors includes transportation expenses, remuneration, compensation, and related salaries, pensions, and bonuses as employees. According to the Company's Articles of Incorporation, the transportation expenses of directors and supervisors are determined by the Board of Directors.

(2) The remuneration to a director who is also an employee and the remuneration to the General Manager and Deputy General Manager are based on the market salary level in the same industry, plus the reasonable remuneration provided to the Company's operation and personal performance achievement in each area of responsibility.

(3) In 2023, the directors' remuneration was allocated at 3.0% of the net profit before tax, and employees’ remuneration was allocated at 8.0% of the net profit before tax. In 2022, the directors' remuneration was allocated at 1.5% of the net profit before tax, and employees’ remuneration was allocated at 3.5% of the net profit before tax.

(4) Due to the significant decline in net profit before tax in 2023 compared to the previous year, the proportion of remuneration in 2023 increased significantly from the previous year.

(5) The payment of remuneration will also take into account the operating risks faced by the Company in the future.

III. Operational Status of Corporate governance

1. Information on the operational status of the Board of Directors

(1) The Board of Directors held 6 meetings (A) in the most recent year (2023), and the attendance of directors are as follows:

Job title	Name	Actual attendance rate (B)	Attendance by proxy	Attendance rate in person (%) "B/A"	Remark
Chairman	Representative of Hung-Lin Investment Co., Ltd.: Lin Chen Ya-Tzu	6	0	100%	
Director	Lin Sheng-Chih, Representative of Hung-Lin Investment Co., Ltd.	5	3	80%	
Director	Lin Pei-Chia, Representative of Hung-Lin Investment Co., Ltd.	0	0	0%	Dismissed on June 30, 2023
Director	Chen I-Feng, Representative of Hung-Lin Investment Co., Ltd.	3	0	100%	Dismissed on June 30, 2023
Director	Lin Yu-Chen, Representative of Hung-Lin Investment Co., Ltd.	3	0	100%	Newly elected on June 30, 2023
Independent Director	Lin Sheng-Sheng	6	0	100%	
Independent Director	Yang Chi-Lun	6	0	100%	
Independent Director	Huang Li-Ting	6	0	100%	
Independent Director	Tang Yan-Bo	3	0	100%	Newly elected on June 30, 2023

Note: Directors Lin Pei-Chia and Chen I-Feng were dismissed on June 30, 2023. Director Lin Yu-Chen and Independent Director Tang Yen-Bo were reappointed on June 30, 2023.

Other matters required to be recorded:

1. If the operation of the Board of Directors is under any of the following circumstances, the date, session, motion content, opinions of all independent directors, and the Company's response to those opinions should be specified:
   (1) Matters listed in Article 14-3 of the Securities and Exchange Act

Date of meeting	Motion content	The opinions of all independent directors and the Company's handling of the opinions of independent directors
2023.01.12	Motion for distributing year-end bonuses to the Company's managers in 2022.	Approved by all independent directors
2023.03.23	Motion for the Company's 2022 employee and director remuneration distribution.	
2023.03.23	Motion for the Company's 2022 declaration of internal control system.	
2023.03.23	Motion of the evaluation on the competence and independence of the appointed CPAs in 2023.	
2023.03.23	Motion of the Company's 2022 Board of Directors (including functional committees) performance evaluation report.	
2023.05.11	Motion for the Vietnam subsidiary - SIRUBA Vietnam Co., Ltd., where the accounts receivable were overdue for more than 90 days and the amount was greater than NTD 100 million. It was intended to be classified as fund lending case.	
2023.06.30	Motion of the remuneration for independent directors to serve as members of the Remuneration Committee and Audit Committee concurrently.	
2023.08.10	Motion of the distribution of individual remuneration of directors for 2022.	
2023.08.10	Motion of the distribution of individual remuneration of directors for 2022.	
2023.11.10	Motion for formulating the Company's 2024 internal audit plan.	
2023.11.10	Motion of the appointment of a head of information security and designated personnel for information security.	
2023.11.10	Motion of the amendments to the Company's " Details of Internal Audit Implementation ".	
2024.01.23	Motion for distributing year-end bonuses to the Company's managers in 2022.	

2024.01.23	Motion for formulating the Company's 2024 internal audit plan.	
2024.03.14	Motion for the Company's 2023 employee and director remuneration distribution.	
2024.03.14	Motion for the Company's 2023 declaration of internal control system.	
2024.03.14	Motion of the evaluation on the competence and independence of the appointed CPAs in 2024.	
2024.03.14	Motion of the Company's 2023 Board of Directors (including functional committees) performance evaluation report.	
2024.03.14	Motion of the application for the retirement of the General Manager of the Company, Lin Sheng-Chih, and appointment of the new General Manager, Lin Pei-Chia.	
2024.03.14	Motion of pension for the General Manager of the Company.	
2024.03.14	Motion of the remuneration to the new General Manager of the Company.	

(2) Other than the aforementioned matters, other resolutions of the Board of Directors with objections or reserved opinions expressed by independent directors on the record or in written statements: None.

2. For the implementation status of a director's recusal due to a conflict of interest, the name of the director, motion content, the reason for recusal, and the participation status in the voting shall be stated:

Date of meeting	Name of Director	Motion content	Reason for recusal	Participation status in voting
2023.01.12	Lin Chen Ya-Tzu Lin Sheng-Zhi	Approval of the motion of donating NTD 2 million to the Kaulin Foundation, to promote the Company’s commitment to CSR and ESG sustainable management ideal.	Interests of related parties	After excluding the directors who should be recused for conflict of interest, the motion was unanimously approved by the remaining directors
2023.01.12	Lin Chen Ya-Tzu Lin Sheng-Zhi	Motion for distributing year-end bonuses to the Company's managers in 2022.	Interests of related parties	After excluding the directors who should be recused for conflict of interest, the motion was unanimously approved by the remaining directors
2023.08.11	All Directors	Discussion of the motion for distribution of individual remuneration of directors in 2022.	They recused themselves from the discussion and voting of their own remuneration.	In this motion, the remuneration distribution of the directors was resolved for their own interests, and the directors each recused themselves from the discussion and voting of the distribution of remuneration.
2024.01.23	Lin Chen Ya-Tzu Lin Sheng-Zhi	Motion for distributing year-end bonuses to the Company's managers in 2023.	Interests of related parties	After excluding the directors who should be recused for conflict of interest, the motion was unanimously approved by the remaining directors

3. Information on the evaluation cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the Board of Directors, along with details of the implementation of the evaluation of the Board of Directors: The Company approved the establishment of the Board of Directors Self-Evaluation Method during the 7th Board of Directors meeting in 2020. The 2023 Board of Directors Performance Evaluation Report was approved by the Board of Directors on March 14 and completed for submission by the end of March.
4. Evaluation of the goals and implementation status of strengthening the functions of the Board of Directors for the current and most recent year:
   (1) The Company's Rules of Procedure for Board of Directors Meetings clearly stipulate that the Board of Directors shall give notice to directors and supervisors at least seven days before the meeting. However, in case of an emergency, a meeting may be convened at any time, and directors are not allowed to object on the grounds that the notice period was less than seven days.
   (2) The Company has a dedicated personnel responsible for the disclosure of monthly revenue and material information, and entering these disclosures into the MOPS for public announcements as required.

(2) Implementation status of the evaluation of the Board of Directors

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Scope of Evaluation (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Once a year	Evaluating the performance of the Board of Directors from January 1, 2023 to December 31, 2023.	Including the performance evaluation of the Board of Directors, individual board members and functional committees.	Board of Directors' internal self-evaluation and directors' self-evaluation.	(1)Performance evaluation of the Board of Directors: Including at least the level of participation in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election and continuing education of directors, and internal control. (2)Individual board member's performance evaluation: Including at least mastery of the Company's goals and mission, awareness of directors' responsibilities, level of participation in company operations, management of internal relations and communication, directors' professionalism and continuing education, and internal control. (3)Evaluation of the performance of the functional committees: Including the level of participation in company operations, awareness of the duties of the functional committees, quality of the decisions made by the functional committees, composition of the functional committees and election of members, and internal control.

Note 1: Fill in the execution cycle of the evaluation of the Board of Directors, e.g. once a year.

Note 2: Refer to the evaluation period of the Board of Directors, e.g. Evaluation of the Board of Directors' performance from January 1, 2019 to December 31, 2019.

Note 3: The scope of evaluation includes the performance evaluation of the Board of Directors, individual board members and functional committees.

Note 4: The evaluation methods include the internal self-evaluation of the Board of Directors, the self-evaluation of directors, peer evaluation, performance evaluation by external professional institutions, experts, or other appropriate methods.

Note 5: The evaluation content should include at least the following items within the scope of evaluation:

(1) Performance evaluation of the Board of Directors: Including at least the level of participation in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election and continuing education of directors, and internal control.

(2) Individual board member's performance evaluation: Including at least mastery of the Company's goals and mission, awareness of directors' responsibilities, level of participation in company operations, management of internal relations and communication, directors' professionalism and continuing education, and internal control.

(3) Evaluation of the performance of the functional committees: Including the level of participation in company operations, awareness of the duties of the functional committees, quality of the decisions made by the functional committees, composition of the functional committees and election of members, and internal control.

2. Information on the operation status of the Audit Committee

The Audit Committee met 7 times (A) in the most recent year (2023). The attendance of independent directors are as follows:

Job title	Name	Actual attendance rate (B)	Attendance by proxy	Actual attendance rate (%)(B/A) (Note 1, Note 2)	Remark
Independent Director	Lin Sheng-Sheng	7	0	100%	
Independent Director	Yang Chi-Lun	7	0	100%	
Independent Director	Huang Li-Ting	7	0	100%	
Independent Director	Tang Yan-Bo	3	0	100%	Newly elected on June 30, 2023

Other matters required to be recorded:

I. In the event that the operation of the Audit Committee is under any of the following circumstances, the date, session, motion content, dissenting opinions of independent directors, reserved opinions or material recommendations, the decision of the Audit Committee, and the Company’s handling of the Audit Committee’s opinion should be stated.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act

Date and term of the Audit Committee	Date and term of the Board of Directors	Motion content and resolution status	The Company's handling of the Audit Committee's opinions
2023.01.12 14th meeting of the 1st term	2023.01.12 1st meeting in 2023	Motion: Discussion of the motion for the Company's donation of NTD 2 million to the Kaulin Foundation in order to promote the ESG sustainable management ideal. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
2023.03.23 The 15th meeting of the 1st term	2023.03.23 2nd meeting in 2023	Motion: Proposed to discuss the Company's 2022 parent company only financial statements and consolidated financial statements and business report. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
		Motion: Discussion of the Company's Declaration of Internal Control System for 2022. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
		Motion: Discussion of the evaluation on the competence and independence of appointed CPAs in 2023. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
2023.05.11 16th Meeting of the 1st term	2023.05.11 3rd meeting in 2023	Motion: Discussion of the Company's consolidated financial statements for Q1, 2023. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
		Motion: Discussion of the overdue account of the subsidiary SiRUBA Vietnam for more	Unanimously approved by all

		than 90 days and the amount greater than NTD 100 million. Resolution: Passed as proposed. Recommendation: None.	attending independent directors and the Board of Directors.
2023.06.20 17th Meeting of the 1st term		Motion: Discussion of a letter received from the Financial Supervisory Commission on June 12 regarding the violation of regulations by the Company's loan of funds to SIRUBA Vietnam. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors for presenting to the next Board of Directors meeting.
2023.08.10 2nd meeting of the 2nd term	2023.05.11 5th meeting in 2023	Motion: Discussion of the Company's consolidated financial statements for Q2, 2023. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
2023.11.10 3rd meeting of the 2nd term	2023.11.10 6th meeting in 2023	Motion: Discussion of the Company's consolidated financial statements for Q3, 2023. Resolution: Passed as proposed. Recommendation: None.	Unanimously approved by all attending independent directors and the Board of Directors.
		Motion: Discussion of the internal audit plan of the Company in 2024. Resolution: Passed as proposed. Recommendation: None.	
		Motion: Discussion to amend the Company's "Details of Internal Audit Implementation ." Resolution: Passed as proposed. Recommendation: None.	

(II) Other than the aforementioned matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None in this item.

II. For the execution of independent directors' recusal from motions with conflict of interest, the independent directors' name, motion content, reason for the recusal, and their participation in the voting process should be specified: None in this item.

III. Communication between independent directors, head of internal audit, and CPAs (including major issues, methods, and results of communication on the Company's financial and business status):

Date	Communication method	Communication matters	Result of communication
2023.11.10	Forum	Change of audit items in the 2024 audit plan.	The number of audits for "financial and non-financial information management" in 2024 was revised from the original two to four. The 2024 audit plan will be proposed at the next Board of Directors meeting.

Note 1: If any independent director resigns before the end of the year, the resignation date should be noted in the remarks column. The actual attendance rate (%) should be calculated based on the number of Audit Committee meetings held and the independent directors' actual attendance during their tenure.

Note 2: If any independent director are re-elected before the end of the year, both the original and new independent directors should be listed. The remarks column should specify whether each independent director is leaving, elected, along with the re-election date. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held during active duty period and the number of actual attendance.

3. The state of the Company's implementation of corporate governance, any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation:

Evaluation item	Status of operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	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/TPEx Listed Companies?	V		In order to establish a sound corporate governance system, the Company has established and disclosed the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", which is disclosed on the Company's website (https://siruba.com).	Compliant
II. The Company's shareholding structure and shareholders' rights				
(I) Has the Company established internal procedures to handle shareholders' recommendation, inquiries, disputes, and litigation matters, and are these procedures being implemented accordingly?	V		(I) The Company has established internal operating procedures to handle shareholders' recommendation, inquiries, disputes and litigation matters, and implemented them in accordance with the procedures.	Compliant
(II) Does the Company keep track of the list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders?	V		(II) The Company keeps track of the list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders.	Compliant
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	V		(III) The Company has established and enforced the "Regulations Governing the Supervision of Subsidiaries".	Compliant
(IV) Has the Company established internal regulations prohibiting insiders from trading securities using undisclosed information in the market?	V		(IV) The Company has established operating procedures for the handling of internal material information and the prevention of internal transactions, which expressly prohibit insiders from trading marketable securities using undisclosed information in the market.	Compliant
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy, specific management goals, and implemented them effectively?	V		(I) In accordance with the Company's "Corporate Governance Best Practice Principles" of the Article 20 (Abilities required of the Board of Directors as a whole) The Company's Board of Directors shall guide the Company's strategies, supervise the management, and be accountable to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of shareholders' meetings. The structure of the Company's Board of Directors should be based on the scale of the Company's business development and the shareholdings of major shareholders, and the need for practical operations, and determine an appropriate	Compliant

Evaluation item	Status of operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			number of directors for five or more members. The composition of the Board of Directors shall take diversity into consideration. Apart from ensuring that directors who have also serve as company managers do not exceed one-third of the board seats, appropriate diversity policies should be formulated based on the Company's operations, business model, and development needs. These policies should include, but not limited to, the following two major aspects: 1. Basic conditions and values: Gender, age, nationality and culture. 2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.	
(II) In addition to the Remuneration Committee and the Audit Committee, has the Company established other functional committees voluntarily?	V		(II) In addition to establishing the Remuneration Committee and the Audit Committee in accordance with the law, the Company also has a Sustainable Development Committee, with the General Manager serving as the "Chairman" and department-level heads as the "Members" to assist in the promotion of sustainability related work. The current Sustainability Committee operates independently. In the future, it will continue to discuss and strengthen its connection with the Board of Directors.	Compliant
(III) Has the Company established the regulations and method for evaluating the performance of the Board of Directors, and conduct the performance evaluation regularly every year, with the results reported to the Board of Directors and used as a reference for individual director remuneration and nomination for reappointment?	V		(III) The Company has established the regulations and method for evaluating the performance of the Board of Directors, including its evaluation criteria and procedures. This evaluation is conducted annually and submitted to the Board of Directors. The results are used for individual director remuneration and nomination for reappointment, aiming to enhance corporate governance and improve the effectiveness of the Board of Directors. The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual board members, and functional committees. The evaluation methods may be the internal self-evaluation of the Board of Directors, the self-evaluation of directors, peer evaluation, the appointment of external professional institutions,	Compliant

Evaluation item	Status of operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
	V		experts, or other appropriate means to conduct the performance evaluation. The Company's Board of Directors' performance evaluation covers the following five major aspects: 1. Level of involvement in the Company's operations 2. Improving the quality of the decision making by the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. The Company has conducted performance evaluation of the Board of Directors since 2020. At the end of the year, each executive unit has collected information related to the activities of the Board of Directors, and distributed and completed the “Board of Directors Performance Evaluation Self-Evaluation Questionnaire”, “Board Members Performance Evaluation Self-Evaluation Questionnaire”, or “Functional Committee Performance Evaluation Self-Evaluation Questionnaire”. Finally, the collected data is consolidated by the coordinating executive unit or the Board of Directors’ secretary’s office. Based on the evaluation criteria, the evaluation results report is documented and submitted to the Board of Directors for review and improvement. The 2023 performance evaluation of the Board of Directors was completed in early 2024, and the evaluation results were reported to the Board of Directors on March 14, 2024.	
(IV) Does the Company evaluate the independence of CPAs on a regular basis?			(IV) The Company conducts regular evaluations of the independence of CPAs annually through the stock affairs unit. This involves verifying that the CPAs do not hold any shares in the Company and do not hold any positions within the Company. The current CPA firm has issued a statement outlining the roles, responsibilities, and independence of the CPAs. The Company evaluates the suitability and independence of the CPAs based on the following criteria (Note).	Compliant

Evaluation item	Status of operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
IV. Does the company allocate an appropriate number of qualified corporate governance personnel and designate a head of corporate governance responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with the necessary information for business execution, assisting directors and supervisors in compliance with laws, handling matters in accordance with the law, and preparing minutes of the Board of Directors and shareholders meetings)?	V		The Company has established the "Sustainable Development Committee" and assigned full-time (part-time) corporate governance personnel responsible for corporate governance-related affairs. A Head of Corporate Governance has been appointed in accordance with regulations.	Compliant
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) , set up a stakeholder section on the Company's website, and appropriately respond to important corporate social concerns of CSR issues?	V		The Company has established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) , and set up a stakeholder section on the Company's website to appropriately respond to important CSR issues of concern to stakeholders .	Compliant
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	V		The Company appointed a professional shareholder service agent, Hua Nan Securities Co., Ltd., to handle the shareholders' meeting affairs.	Compliant
VII. Information disclosure (I) Does the Company set up a website to disclose financial and corporate governance information?	V		(I) The Company has established both Chinese and English websites to disclose relevant investor information and corporate governance information under the shareholders section. Additionally, users can access related content by linking to the MOPS through the Company’s website.	Compliant
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the process of investor conference on the Company's website, etc.)?	V		(II) The Company has dedicated personnel responsible for the collection and disclosure of the Company’s information, and has implemented the spokesperson system in accordance with the regulations.	Compliant
(III) Does the Company announce and report the annual financial statements within two months after the end of the year, as well as announce and report the financial statements for Q1, Q2, and Q3 and the operating status of each month before the prescribed deadline?		V	(III) The Company is currently unable to announce and report the annual financial statements within two months after the end of the year, or announce and report the financial statements for Q1, Q2, and Q3, and the operating status of each month before the prescribed deadline.	Improvement and adjustment under discussion
VIII. Does the Company have other important information that helps understand the implementation status of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education status, risk management policies and risk	V		(I) Continuing education of directors and supervisors: Directors and supervisors of the Company make efforts to attend courses and seminars related to corporate governance or directors and supervisors organized by the competent authorities. (II) The Company convened the Board of Directors meeting for a total of 6 times	Compliant

Evaluation item	Status of operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?			this year. The attendance of directors and supervisors at these meetings is disclosed regularly through information published on the MOPS by competent authorities. (III) Execution of directors' recusal on conflict of interest issues: The directors of the Company adhere to a principle of high self-discipline. They refrain from voting on motions at Board of Directors meetings that may pose a conflict of interest and jeopardize the interests of the Company. (IV) Social responsibility: In addition to focusing on the management and development of the Company's core business, the Company also takes long-term efforts in social responsibility such as consumer rights and social welfare by giving back to the public in a timely manner.	
IX. Please describe the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority areas for enhancement and measures for aspects that have not yet been improved. The final evaluation score of the Company's corporate governance in 2023: 58.08, ranking range: 81% to 100% percentile. In 2024, the Company will focus on improving the protection of shareholder rights, ensuring equitable treatment of shareholders, implementing CSR, and enhancing information transparency. Additionally, we will continue our efforts to strengthen the effectiveness of the Board of Directors, improve the functions, and establish a comprehensive stakeholder engagement platform to promote shareholder activism. We aim to enhance the quality of non-financial information disclosure to reinforce corporate governance information.				

Note:

2023 CPA Performance Evaluation Form

Description of CPA performance evaluation:

1. Purpose: In order to evaluate the suitability of the CPAs, the Company shall regularly evaluate the performance of the CPAs.
2. Restrictive clauses: Before completing this form, the independence of the CPA should be evaluated according to the "Assessment Table for Independence and Competence of the CPA". If the CPA is deemed independent, this form should be completed. If the CPA is not independent, this form is not required.
3. Evaluation period and evaluation time: The evaluation period shall be the most recent year and up to the evaluation date. The evaluation time shall be before March each year or when necessary.
4. Scoring standards: A score less than 70 on this table indicates a lack of suitability as a CPA.
5. Report to the Board of Directors: The evaluation results in this table should be reported to the Board of Directors as the basis for hiring or re-appointing CPAs.

Name of CPA firm: KPMG Taiwan

Name of CPAs: Hsu Yu-Feng

Evaluation period: 2023/1/1 - 2023/12/31

Evaluation Indicators	Specific indicators		Evaluation standards	Score
Service quality and scale	1	CPA disciplinary records	10 points for no discipline, and 0 points otherwise.	10
	2	Scale of CPA firm	A score of 5 for ranking in the top 10% of the industry, or a score of 4 for ranking in the top 20%, and so on, decreasing accordingly.	5
	3	Whether the CPA firm has established a quality management system	3 points for those established, and 0 for those otherwise.	3
	4	Number of litigation involving the CPA firm	3 point for 0 times, 1 for once, and 0 for more than twice.	3
	5	Whether there have been any material errors in previous professional service reports provided by other members of the firm	5 points for 0 times, 3 for once, and 0 for more than twice.	5
	6	Communication status with corporate governance units	Are there good communication channels with the corporate governance unit?	Yes
Professionalism	1	Term of office of the CPA	1 point for 1 year, 2 points for 2 years, 3 points for 3 years, 4 points for 4 years, 5 points for 5 to 6 years, and 0 points for more than 7 years.	2
	2	Percentage of audit team members holding CPA license	2 points for each CPA certifications held, maximum of 10 points.	8
	3	Has the CPA completed the required continuing education?	5 points for completing the required hours, 0 for otherwise.	5
	4	On-the-job training for Audit Service Team members	1 point for an average of 10 hours per person, 2 for 20 hours per person, and so on. Maximum of 10 points	6
	5	Due diligence for CPAs	In conducting audit work and writing reports, due diligence of professional care has been exercised. Maximum of 3 points	3
Timely coordination	1	The official financial reporting for the first three quarters shall be completed within 45 days after the end of each quarter, or	5 points for completion 3 days ahead of schedule, 3 points for on-time completion, and 0 point for overdue completion.	3

Evaluation Indicators	Specific indicators		Evaluation standards	Score
		the annual financial statements shall be completed within three months after the end of the year. (Official financial report)		
	2	Review of quarterly and annual reports and the accuracy of preparation (excluding changes to corporate data). (Four major tables)	5 points for two or less errors of numbers in the financial statement, 3 for less than 3 errors, and 0 for more than three.	3
	3	CPAs have completed the audit time and first draft of the Company's accounts for the first three quarters.	Review of financial statements within 30 days for the first three quarters receives 5 points, 3 points for within 40 days, and 0 for over 40 days.	3
	4	CPAs have completed the audit time and first draft of the Company’s accounts for the whole year.	Review of financial statements within 60 days for the year receives 5 points, 3 points for within 70 days, and 0 for over 70 days.	3
	5	Whether the CPAs frequently interact with the Company's management personnel (internal auditors, etc.) and keep records?	3 points for actual interactions, and 0 for no interactions.	3
	6	Whether the CPAs interact with the Audit Committee appropriately and keep records before the audit planning and the issuance of audit opinions.	3 points for actual interactions, and 0 for no interactions.	3
	7	Do the CPAs actively provide suggestions on the Company’s system and internal control audits and keep records.	5 points for actual interactions, and 0 for no interactions.	3
	8	Regularly update the Company on taxation and securities regulations and on the update and revision of the IFRS accounting standards proactively.	3 points for actual updates, and 0 for no updates.	3
	9	Stability of the members of the audit service team.	3 points for actual updates, and 0 for no updates.	3
	10	Assisting in the communication and coordination with the competent authority.	3 points for actual updates, and 0 for no updates.	3
			Total Score	77

Note: If there are reasons attributable to the Company that affect the results of the assessment, the standards of related matters will be flexibly adjusted depending on the situation.

2023 CPA Performance Evaluation Form

Description of CPA performance evaluation:

1. Purpose: In order to evaluate the suitability of the CPAs, the Company shall regularly evaluate the performance of the CPAs.
2. Restrictive clauses: Before completing this form, the independence of the CPA should be evaluated according to the "Assessment Table for Independence and Competence of the CPA". If the CPA is deemed independent, this form should be completed. If the CPA is not independent, this form is not required.
3. Evaluation period and evaluation time: The evaluation period shall be the most recent year and up to the evaluation date. The evaluation time shall be before March each year or when necessary.
4. Scoring standards: A score less than 70 on this table indicates a lack of suitability as a CPA.
5. Report to the Board of Directors: The evaluation results in this table should be reported to the Board of Directors as the basis for hiring or re-appointing CPAs.

Name of CPA firm: KPMG Taiwan

Name o CPA: Kou Hui-Chih

Evaluation period: 2023/1/1 - 2023/12/31

Evaluation Indicators	Specific indicators		Evaluation standards	Score
Service quality and scale	1	CPA disciplinary records	10 points for no discipline, and 0 points otherwise.	10
	2	Scale of CPA firm	A score of 5 for ranking in the top 10% of the industry, or a score of 4 for ranking in the top 20%, and so on, decreasing accordingly.	5
	3	Whether the CPA firm has established a quality management system	3 points for those established, and 0 for those otherwise.	3
	4	Number of litigation involving the CPA firm	3 point for 0 times, 1 for once, and 0 for more than twice.	3
	5	Whether there have been any material errors in previous professional service reports provided by other members of the firm	5 points for 0 times, 3 for once, and 0 for more than twice.	5
	6	Communication status with corporate governance units	Are there good communication channels with the corporate governance unit?	Yes
Professionalism	1	Term of office of the CPA	1 point for 1 year, 2 points for 2 years, 3 points for 3 years, 4 points for 4 years, 5 points for 5 to 6 years, and 0 points for more than 7 years.	2
	2	Percentage of audit team members holding CPA license	2 points for each CPA certifications held, maximum of 10 points.	8
	3	Has the CPA completed the required continuing education?	5 points for completing the required hours, 0 for otherwise.	5
	4	On-the-job training for Audit Service Team members	1 point for an average of 10 hours per person, 2 for 20 hours per person, and so on. Maximum of 10 points	6
	5	Due diligence for CPAs	In conducting audit work and writing reports, due diligence of professional care has been exercised. Maximum of 3 points	3
Timely coordination	1	The official financial reporting for the first three quarters shall be completed within 45 days after the end of each quarter, or	5 points for completion 3 days ahead of schedule, 3 points for on-time completion, and 0 point for overdue completion.	3

Evaluation Indicators	Specific indicators		Evaluation standards	Score
		the annual financial statements shall be completed within three months after the end of the year. (Official financial report)		
	2	Review of quarterly and annual reports and the accuracy of preparation (excluding changes to corporate data). (Four major tables)	5 points for two or less errors of numbers in the financial statement, 3 for less than 3 errors, and 0 for more than three.	3
	3	CPAs have completed the audit time and first draft of the Company's accounts for the first three quarters.	Review of financial statements within 30 days for the first three quarters receives 5 points, 3 points for within 40 days, and 0 for over 40 days.	3
	4	CPAs have completed the audit time and first draft of the Company's accounts for the whole year.	Review of financial statements within 60 days for the year receives 5 points, 3 points for within 70 days, and 0 for over 70 days.	3
	5	Whether the CPAs frequently interact with the Company's management personnel (internal auditors, etc.) and keep records?	3 points for actual interactions, and 0 for no interactions.	3
	6	Whether the CPAs interact with the Audit Committee appropriately and keep records before the audit planning and the issuance of audit opinions.	3 points for actual interactions, and 0 for no interactions.	3
	7	Do the CPAs actively provide suggestions on the Company's system and internal control audits and keep records.	5 points for actual interactions, and 0 for no interactions.	3
	8	Regularly update the Company on taxation and securities regulations and on the update and revision of the IFRS accounting standards proactively.	3 points for actual updates, and 0 for no updates.	3
	9	Stability of the members of the audit service team.	3 points for actual updates, and 0 for no updates.	3
	10	Assisting in the communication and coordination with the competent authority.	3 points for actual updates, and 0 for no updates.	3
			Total Score	77

Note: If there are reasons attributable to the Company that affect the results of the assessment, the standards of related matters will be flexibly adjusted depending on the situation.

4. If the Company has established a remuneration committee, it shall disclose its composition, responsibilities and the status of operation:

4-1 Information on Members of the Remuneration Committee

May 2, **2024**

Identity (Note 1)	Condition / Name	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of members concurrently serving as members of the Remuneration Committee of other public companies
Independent Director	Yang Chi-Lun	Please refer to page 16 for related information on directors		
Independent Director	Lin Sheng-Sheng			
Independent Director	Huang Li-Ting			
Independent Director	Tang Yan-Bo			

4-2 Responsibilities of the Remuneration Committee

The responsibilities of the Company’s Remuneration Committee are as follows:

1. Regularly review the organizational regulations of the Remuneration Committee and propose amendments.
2. Formulate and regularly review the performance targets and the policies, systems, standards and structures of remuneration for the Company's directors and managers.
3. Regularly evaluate the achievement of the performance targets of the Company's directors and managers, and recommend the specifics and amounts of their individual remuneration.

4-3 Information on the Operation of the Remuneration Committee

4-3-1 The Company's Remuneration Committee consists of 4 members.

4-3-2 The term of office of the 5th Committee: From June 30, 2023 to June 29, 2026.

Hold 4 meetings (A) of the 5th Remuneration Committee as of the publication date of this annual report, the qualifications and attendance of members are as follows:

Job title	Name	Actual attendance rate (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Yang Chi-Lun	4	0	100%	
Member	Lin Sheng-Sheng	4	0	100%	
Member	Huang Li-Ting	4	0	100%	
Member	Tang Yan-Bo	4	0	100%	

Other matters required to be recorded:

I. If the Board of Directors rejects or modifies the recommendations of the Remuneration Committee, the date of the Board of Directors meeting, session, motion content, resolution of the Board of Directors, and the Company’s handling of the Remuneration Committee’s opinions should be described: None.

II. If any member of the Remuneration Committee has dissenting or reserved opinions on any resolution, and such opinions are recorded or stated in writing, the date of the Remuneration Committee meeting, session, motion content, opinions of all members, and the handling of these opinions should be specified: None.

Note:

(1) If any member of the Remuneration Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) should be calculated based on the number of meetings of the Remuneration Committee and the number of actual attendance during his/her service.

(2) If any member of the Remuneration Committee is re-elected before the end of the year, both new and old members of the Remuneration Committee shall be listed, and the remarks column should specify whether the member is new, old, or re-elected, along with the re-election date. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings held during active duty period and the number of actual attendance.

5. **The implementation status of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor**

<table>
<tr><td rowspan="2">Items to be promoted</td><td colspan="3">Status of implementation (Note 1)</td><td rowspan="2">Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td>I. Has the Company established a governance structure for promoting sustainable development and set up dedicated (concurrent) units for promoting sustainable development, authorized by the Board of Directors to be handled by senior management, and how is the supervision of the Board of Directors?</td><td>V</td><td></td><td>1. In accordance with the vision and mission of the Company's ESG policy, the "Corporate Governance Office" was established in 2020 and changed its name to the "Sustainable Development Committee" in July 2021. As the highest-level sustainable development decision-making center within the Company, the General Manager serves as the Chairman and includes senior managers from various fields. Together, they review the Company’s core operational capabilities and formulate mid- to long-term sustainable development plans.
2.The "Sustainable Development Committee" acts as a cross-departmental communication platform for vertical integration and horizontal connection. Through quarterly meetings and task forces set up according to specific issues, the committee identifies sustainability issues relevant to the Company’s operations and stakeholders’ concerns, formulates corresponding strategies and work policies, allocates budgets for various departments related to sustainability, plans and implements annual programs, and tracks the effectiveness of execution to ensure that sustainability strategies are fully integrated into the Company’s daily operations.
3.The "Sustainable Development Committee" reports the results of sustainable development and future work plans to the Board of Directors on a regular basis.</td><td>No difference</td></tr>
<tr><td>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies? (Note 2)</td><td>V</td><td></td><td>1. The Board of Directors approved the " ESG Risk Management Policy and Procedures" on August 11, 2022.
2. The "Mg74 - Kaulin Group Risk Factor Assessment Sheet" and "Mg75 - Risk Assessment and Management Record Sheet" of each responsible department were reviewed by the department heads before August 31, submitted to the Sustainable Development Committee for consolidation, and executed after approval by the General Manager.
3. The goal of the Company's risk management is to immediately reduce operational risks, seize the opportunities for development, and follow ESG principles and practices. By fulfilling corporate citizenship and operational innovation, effective corporate governance can be achieved while simultaneously addressing environmental and social responsibilities.
4. In December 2023, the Group listed a total of 8 prioritized risks, including 3 economic risks, 1 economic and corporate governance risk, and 4 other risks. Additionally, there were 19 risks deemed worthy of management attention, including 4 environmental risks, 4 social risks, 6 economic risks, 3 economic and corporate governance risks, 1 corporate governance risks, and 1 other risk. The specific measures are as follows:
<table><tr><td>Importance</td><td>Aspect</td><td>Risks</td><td>Countermeasures/Execution Plans</td></tr><tr><td>Priority treatment</td><td>Economic Aspect</td><td>Operational decision mistakes</td><td>The Company's major business strategies should be discussed and negotiated by the senior managers of each division and the general manager. Decisions should be made</td></tr></table></td><td>No difference</td></tr>
</table>

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	

			based on the strategic plans and evaluation reports, and when necessary, they must be approved by the Board of Directors in a meeting before implementation.
		Lack of new product development capabilities	1. Industry-academia collaboration projects 2. New technology research projects 3. Education and training (internal/external training) 4. Arrange engineers to visit the garment plant 5. Development of new ODM products
		Technology intellectual property risks: Patent application and maintenance, patent misuse and infringement, and whether relevant patents are retrieved regularly	1. R&D department-level meetings regularly discuss competitor patent data, reviewing developments in competitor product offerings. 2. Strengthen the advocacy, education and training of intellectual property rights 3. Assign dedicated personnel to handle patent maintenance operations, regularly track patent application progress, and ensure that maintenance fees are paid on time.
	Economics and Corporate Governance Aspect	Information security risk (digital information security, general data protection regulations)	1. System and regulation: Formulate the Company's information security management system to regulate the work behavior of personnel. 2. System protection: Establish an information security management system and implement information security protection management measures. 3. Personnel training: Conduct

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	

			information security education and training to enhance the information security awareness of all employees.
	Other Aspects	Major natural or man-made disasters	1. In the event of natural disasters or man-made disasters, managers of each division shall convene a crisis response team meeting as soon as possible. 2. The General Administration Division shall establish a crisis management SOP for each disaster, so that it can respond in time in case of a sudden disaster.
		Tail risk caused by extreme events	1. Layout the second production base/second supply chain (risks that a single production base accounts for more than 80% of production). 2. Temporarily suspension of endorsements/guarantees for Kaulin Ningbo. 3. Temporarily suspension of any new investment in Kaulin Ningbo.
		Tail risks caused by extreme events, COVID/US-China trade	1. In the event of natural disasters or man-made disasters, managers of each division shall convene a crisis response team meeting as soon as possible. 2. The General Administration Division is required to formulate a crisis management SOP for various disasters. 3. Risk level assessment of all suppliers in response to extreme events. 4. Establish a supply chain disruption contingency plan (tolerance of different days for 2/5/7 contingency plan).

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<table><tr><td></td><td></td><td></td><td>5. Layout the second production base/second supply chain (risks that a single production base accounts for more than 80% of production).</td></tr><tr><td></td><td></td><td>Long-term emerging risks</td><td>Cybersecurity.</td></tr><tr><td rowspan="4">Worthy of management</td><td rowspan="4">Environmental Aspect</td><td>Energy management (water, electricity)</td><td>1. The headquarters and the management departments of the two plants shall monitor the usage of water and electricity on a monthly basis. Water consumption reduction projects for equipment with high energy consumption or processes are recommended. 2. Regularly promote energy-saving concepts to employees, and the achievements in energy conservation and carbon reduction can be rewarded through and incentive system for employees.</td></tr><tr><td>Resource recycling management (water and raw material wastes)</td><td rowspan="2">1. Waste reduction project (RD/engineering). 2. The two plants must properly recycle all resources (e.g. waste paper, wastewater, scrap iron, waste oil), in order to reduce waste of resources and generate additional revenue for the plants. 3. Waste reduction status and improvement measures are presented in monthly plant meetings on a regular basis.</td></tr><tr><td>Management of waste gas, wastewater, toxic substances, and noise emissions</td></tr><tr><td>Local environmental regulations and environmental impact assessment requirements</td><td>1. The two plants have appointed dedicated personnel responsible for identifying environmental safety regulations. 2. Establish a management procedure for identifying</td></tr></table>	

Items to be promoted	Status of implementation (Note 1)							Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description					
							environmental and safety regulations, and connect it to a database of relevant regulations.	
					Social Aspect	Manpower shortage, talent gap, talent development management	1. All departments should implement employee education and training. 2. There should be a comprehensive plan for the cultivation and development of key talent. 3. Plan for talent reserve as early as possible to avoid talent gap. 4. The introduction of the Hahow learning platform is to inspire employees' learning interest. 5. Establishment of internal incentive measures (e.g. sales, R&D).	
						Implementation of employee education and training		
						Manpower shortage, talent gap, talent development management	1. Cooperated with the planning of 104 human resource counseling project. 2. Establishment of internal incentive policies. 3. All departments should implement employee education and training. 4. There should be a comprehensive plan for the cultivation and development of key talent. 5. Implement talent reserve plan	
						Shortage of professional and technical talent in the industry, succession gap in talent, and talent development management	1. Optimize recruitment and advertising process to attract talent 2. Industry-academia collaboration and talent cultivation 3. Supervisor development and incubation system manager 4. Rotation of outstanding talent, definition of talent standards and	

Items to be promoted	Status of implementation (Note 1)						Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description				
						rotation plan (EX: Good performance, development potential, personal ambition and willingness...) 5. Optimization of the promotion system (rotation and assignment are required for management/professional positions)	
				Economic Aspect	Risk of recovery of accounts receivable and overdue bad debt	1. Enhanced contracts/rolling evaluations before customer deliveries should include a risk stop-loss mechanism. 2. Each sales department shall regularly remind overdue payments to avoid the occurrence of bad debts. 3. The detailed monthly accounts receivable statement/reconciliation should be duly signed by the agent. 4. If an agent is found to be in arrears with the payment, they shall report to their supervisors and actively negotiate a repayment plan with the agent.	
					Risks associated with intellectual property such as patents, trademarks, copyrights, and trade secrets	1. All measures such as patent search and confirmation, as well as to design around a patent, should be strictly implemented before the development of new products to prevent inadvertent infringement of others' patents. 2. The R&D Department is requested to review the "Patent Management Regulations" annually with respect to the various regulations for the prevention of patent infringement, and make amendments as necessary.	

Items to be promoted	Status of implementation (Note 1)						Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description				
						3. The trade secret management measures are currently being reviewed and revised by the General Administration Division.	
					Change of operational model (e.g. new business)	Evaluating the external competitive environment: 1. Investment in related industries 2. Strategic alliances with peers 3. Transition: Product and market expansion - denim products and market	
					Risks associated with intellectual property such as patents, trademarks, copyrights, and trade secrets	1. It is recommended to implement the Taiwan Intellectual Property Standards (TIPS) promoted by the Industrial Development Bureau, and assist Kaulin to establish a systematic basic intellectual property management system, to get rid of the fragmented, case-by-case management model, to reduce operational risks, protect corporate rights, and increase competitive advantages. 2. The Company continues to appoint a Chinese trademark agency to conduct trademark searches on a monthly basis to ensure proper trademark monitoring. Dispute trademark cases are handled in a timely manner to reduce the Company's operational risks. 3. The Company continues to expand the scope of applications for Type 7 trademark (supplementation) and Type 9 trademark (electronics). 4. Continue to deploy trademark-related categories of products before, during and after the	

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			application for sewing machine industry. 5. The Regulations Governing Trade Secrets is currently being formulated, and there will be a basis to follow in the future. 6. To strengthen the protection and management of trade secrets, the trademark agency was commissioned to introduce practical operations and share experience with relevant managers and sales colleagues through relevant issues and case studies, in order to strengthen the Company's awareness and control of trade secret risks.	
			Risk of recovery of accounts receivable and overdue bad debt: Enhanced contracts/rolling evaluations before customer deliveries should include a risk stop-loss mechanism. Each sales department shall regularly remind overdue payments. The detailed monthly accounts receivable statement/reconciliation should be duly signed by the agent. If an agent is found to be in arrears with the payment, they shall report to their supervisors and actively negotiate a repayment plan with the agent. Evaluate the cost-effectiveness of legal action for customers with overdue payment for more than one year.	
			Risks associated with intellectual property such as patents, trademarks, copyrights, and trade: 1. All measures such as patent search and confirmation, as well as to design around a patent, should be strictly implemented	

Items to be promoted	Status of implementation (Note 1)						Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description				
					secrets	before the development of new products to prevent inadvertent infringement of others’ patents. 2. Please request the R&D Division to revise the "Patent Case Management Regulations" in order to prevent patent infringement.	
				Economics and Corporate Governance Aspect	Potential risk that may arise from failing to comply with relevant regulations	1. Continuously provide updates on revisions to relevant regulations such as the Company Act and the Securities and Exchange Act, along with corresponding response measures, to internal personnel. 2. The personnel responsible for external announcements and reports shall be familiarized with the relevant provisions of the Securities and Exchange Act to avoid violation of the penalties and cause significant damage to the Company or the person in charge. 3. The Company organizes internal promotions or participates in external training from time to time.	
					Information security risks (digital information security, general data protection regulations), employees' lack of information security awareness, and lack of security management mechanisms for vendor access control	1. System and regulation: Formulate the Company's information security management system to regulate the work behavior of personnel. 2. System protection: Establish an information security management system and implement information security protection management measures. 3. Personnel training: Conduct information security education and training to enhance the	

<table>
<tr><th rowspan="2">Items to be promoted</th><th colspan="3">Status of implementation (Note 1)</th><th rowspan="2">Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="5"></td><td rowspan="2"></td><td></td><td>information security awareness of all employees.</td></tr>
<tr><td>Collection of accounts receivable. Risk of overdue bad debt</td><td>Filled by the Sales Division responsible</td></tr>
<tr><td rowspan="2">Corporate Governance Aspect</td><td>Risks related to internal control</td><td>1. During the education and training period for new employees, be sure to read the relevant procedures.
2. The auditors shall strengthen their audit strength and correct work deficiencies at any time.</td></tr>
<tr><td>Potential risk that may arise from failing to comply with relevant regulations</td><td>1. Each functional department shall regularly track the relevant regulations in the "Laws and Regulations Database of The Republic of China" for updates.
2. If there are any updates to the relevant laws and regulations, they must be communicated within the department and followed accordingly.</td></tr>
<tr><td>Other Aspects</td><td>Major external hazards</td><td>Establish risk appetite and risk limit</td></tr>
</table>
</td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?</td><td>V</td><td></td><td>The Company is committed to the implementation of environmental protection in the production process. In the production value chain, from raw materials to products, everything falls within the scope of our environmental conservation efforts. To embody this spirit, the Company actively addresses environmental protection issues. Apart from starting from core technology and actively R&D solutions that provide high process efficiency and innovative green products, we also examine the environmental impact from the perspective of the product life cycle and social responsibility. Our vision is to “save energy and reduce emissions”, and this is integrated with the performance assessment of all employees to demonstrate our unwavering commitment.</td><td>No difference</td></tr>
<tr><td>(II) Is the Company committed to improving energy efficiency and using renewable materials with low impact on the environment?</td><td>V</td><td></td><td>1. Facing the impact of the low-carbon era, reducing energy costs has become a necessary strategy for enterprises to pursue sustainable development. Based on the concern of energy management issues and in view of the severe challenges faced by energy management in the future, the Company has established the "Energy Conservation Management Measures" as the top guideline for energy management in order to effectively manage energy use and improve energy efficiency. Based on the compliance with energy regulations and supervised by each plant, we will confirm the effectiveness of implementation and continuous improvement through the PDCA (Plan-Do-Check-Action) cycle to meet the goal of sustainable development and environmental coexistence and co-prosperity.</td><td>No difference</td></tr>
</table>

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
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			2. Renewable energy highlights The Taoyuan Plant of the Company, in line with our commitments to sustainable business operations, formulated plans as early as 2019 to install solar panels on the roof to generate renewable energy. We intend to lease the roof to solar energy providers to install solar panels, harnessing solar thermal energy to generate electricity. This initiative supports the government's promotion of green energy and encourages corporate participation in solar photovoltaic installation policies, addressing the issue of power shortages. The Kaulin Ningbo Plant started to install solar power generation facilities in 2022 and commissioned it in August 2023. In 2023, electricity generation reached 13,242.67 GJ, with a consumption of 8,256.13 GJ, resulting in a utilization rate of 62.34%. Renewable energy usage accounted for 35.67% of the total energy consumption. 3. Kaulin has set the following recycled material targets: ● The proportion of renewable materials used is over 95%. The actual ratio of renewable materials in 2023 is 99.13%. ● The recycling ratio of packaging materials is more than 5%. The actual recycling ratio of packaging materials in 2023 is 7.8%. ● The Kaulin Ningbo Plant's waste recycling rate is over 90%. The actual waste recycling ratio in 2023 is 92.5%.	
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?			The Company takes into account the potential impact of climate change, such as the economic aspect, including the inability to meet customer demand for products and services in a timely manner, the increase in operating costs, and the environmental aspect, including the loss of water and electricity at operating sites, in its overall operations. The Company also plans risk response and mitigation measures as well as crisis management mechanism in the annual strategy meeting so as to provide early warning and mitigate the impact of risks on the Company's operation. For example, we have built solar power generation equipment at our Taoyuan plant to enhance renewable energy generation.	No difference
(IV) Has the Company compiled GHG emissions, water usage, and waste generation data for the past two years, and formulated policies for reducing GHG emissions, decreasing water usage, or managing other wastes?		V	The Company has established a GHG inventory based on the ISO 14064-1: 2018 standard and the "GHG Inventory Management Procedure" to check the boundary of the inventory organization. In order to maintain GHG management operations in accordance with the international standard ISO/CNS 14064-1: 2018 requirements for information management, the Company has conducted GHG inventory operations for the previous year by Q1 of the following year since 2022 to confirm emissions for the previous year. Serve as a reference for the management's decision-making. To enhance the reliability and quality of this year's GHG inventory information and report, and improve data quality, a third-party independent unit, TUV NORD Taiwan Co., Ltd., has been commissioned to verify the GHG inventory data. The Company has completed the internal audit of its 2023 GHG inventory, and disclosed the GHG emissions, water consumption and total weight of waste in the past two years on the Company's official website and in the sustainability report. Table 1. Group-wide category 1 and category 2 GHG emissions in the past two years (unit: CO_2 e):	2022 is the base year for the inventory

<table>
<tr><th rowspan="2">Items to be promoted</th><th colspan="3">Status of implementation (Note 1)</th><th rowspan="2">Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th></th><th>2022</th><th>2023</th></tr>
<tr><td>Category 1</td><td>470.5370</td><td>267.7427</td></tr>
<tr><td>Category 2</td><td>5518.1216</td><td>4555.8685</td></tr>
</table>
Table 2. Water consumption of Taoyuan Plant in the past two years (unit: million liters) :
<table>
<tr><th></th><th>2022</th><th>2023</th></tr>
<tr><td>Groundwater</td><td>1.065</td><td>1.194</td></tr>
<tr><td>Tap water</td><td>3.072</td><td>4.201</td></tr>
</table>
Table 3. Total weight of waste at Taoyuan Plant for the past three years (unit: metric tons):
<table>
<tr><th></th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Total amount of general business waste</td><td>22.04</td><td>25.41</td><td>26.09</td></tr>
</table>
In addition to the "Energy Conservation Management Procedures" to achieve GHG reduction, the Company has also formulated "Waste Management Procedures" and "Wastewater Management Procedures", and conducts waste and wastewater treatment operations in accordance with laws and regulations. In terms of waste, Kaulin urges each unit to classify and recycle separated waste, and through internal auditing and external removal inspection, to achieve the purpose of recycling and reducing environmental impact. In terms of wastewater treatment, Kaulin has waste water treatment facilities and effectively monitors and measures waste water to comply with the Water Pollution Control Act and regulations.</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company established relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</td><td>V</td><td></td><td>With the growing international attention to human rights issues, corporate actions on human rights issues are also an important part of promoting sustainable management. The Company abides by the labor-related laws and regulations in Taiwan, and refers to the international human rights conventions, the “Universal Declaration of Human Rights”, the “Ten Principles of the United Nations Global Compact”, and domestic and foreign human rights initiatives to implement human rights for its own employees and to develop good labor conditions, communication mechanisms, and training development so that all employees can be treated fairly and with dignity. In addition, the Company attaches importance to human rights issues for suppliers and locations, and requires suppliers to comply with our human rights regulations and agreements, and to ensure freedom of association and the right to group consultation for suppliers and operating locations.</td><td>No difference</td></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits), and appropriately reflected business performance or results in employee remuneration?</td><td>V</td><td></td><td>1. Employee remuneration:
In order to attract and retain talent, the Company offers competitive salaries, and each employee's remuneration is determined based on their experience and job evaluation, with no differences based on gender, nationality, race, etc., and all of them meet the statutory basic salary set by the Department of Labor. The Company has a Remuneration Committee that meets at least twice a year to review the Company's remuneration policies, systems, standards and structures. The Company has a response mailbox to receive feedback from stakeholders on the Company's compensation matters and other suggestions. The Remuneration Committee will include material issues in its deliberations and evaluate whether the motions from stakeholders will be used as a reference for adjusting the Company's remuneration.</td><td>No difference</td></tr>
</table>

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			2. Employee welfare measures: In accordance with the Labor Standards Act and other relevant laws and regulations, the Company provides welfare policies such as labor, health insurance, childcare, retirement pensions, and leave system, etc. All employees within the Company are required by law to take out labor insurance and national health insurance and enjoy the right to insurance benefits, so that every employee can feel cared for and taken care of. The Company has established an Employee Welfare Committee and allocates welfare funds monthly to plan and provide various high-quality benefits for employees, such as employee travel subsidies, subsidies for cultural and artistic courses, birthday vouchers, marriage allowances, maternity allowances, funeral allowances, etc. Additionally, the Company offers free health checkup programs for employees and employee discount car purchase schemes as welfare benefits. ◦ Employees can also apply for unpaid leave in case of childcare, serious injury or illness, or major accident that requires a longer period of leave to meet their personal and family care needs. 3. Diversity and equality in the workplace: Realize equal remuneration and equal promotion opportunities for men and women for equal work, and promote sustainable and inclusive economic growth. 4. Business performance reflected in employee remuneration: Article 23: If the Company has a profit in the year, it shall appropriate the employees' and directors' remuneration in the following manner. I. 2 to 8% as the remuneration to employees; The object of the Company's employee remuneration includes the employees of the companies controlled by the Company or subsidiaries of the Company meeting certain conditions, and the conditions are set by the Board of Directors. II. Remuneration to directors shall not exceed 3%. 5. Overall remuneration policy: The Company participates in market salary surveys every year and adjusts salaries based on market salary levels, economic trends, and individual performance to maintain overall remuneration competitiveness.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	V		The Company attaches great emphasis on occupational safety and health, dedicating efforts to the safety and well-being of employees both physically and mentally. Recognizing that the safety of each employee is fundamental to the Company’s operations, measures are in place to maintain, promote, and improve the working environment and health of employees. The Company has established the “Occupational Safety and Health Management Regulations”, with a safety and health policy centered on “respecting the value of life”, adhering to “safety discipline”, and preventing “occupational accidents”. These efforts align with the government’s environmental protection guidelines and the Occupational Safety and Health Act, fulfilling corporate social responsibility. In order to establish a safe working environment and in accordance with Article 23 of the Occupational Safety and Health Act, the Company has established an Occupational Safety and	No difference

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			Health Committee to make recommendations on safety and health policies to be formulated by the Safety and Health Office, and to deliberate, coordinate and make recommendations on safety and health related matters. The Company hires professional medical doctors, occupational health service nurses, and occupational safety personnel from time to time to provide guidance on health management such as maternal protection, overload, mental health, and health examination abnormalities.	
(IV) Has the Company established an effective career development training program for its employees?	V		The Company has planned a complete functional training program for all levels of managers and colleagues, including orientation training, professional advanced training, manager training, etc. These programs assist employees in continuous learning and growth through diverse learning methods. Additionally, the Company incorporates training courses focused on corporate ethics to instill ethical beliefs and cultivate key competencies among employees. During the annual performance interviews, managers and employees discuss and set up personal annual capacity development plans. Through regular reviews and feedback, employees are assisted in tailoring the best development plans.	No difference
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights?	V		The Company manages and controls the value chain of its products, from raw materials and logistics to customers, by establishing management mechanisms. This continuously monitors product safety information and maintains a robust internal reporting system to fulfill its commitment to product safety. The Company has established a customer data protection management system and policy, and has set up a dedicated customer data protection task force to manage and protect customer privacy. Protect customer date through internal audits of personal data, external verification, crisis prevention, and education and training. The Company strictly abides by the relevant government regulations. In the relevant regulations, it is explicitly specified that the product labeling must comply with the Trademark Act or relevant government laws and regulations as the screening criteria for new suppliers, and suppliers are required to sign an agreement to ensure product composition, manufacturing and labeling and advertisements were in compliance with the law. The Company has a Customer Service Department that voluntarily checks and confirms the implementation of various customer policies, accepts and handles customer complaints from time to time, and assists front-line sales staff in handling customer complaints, so as to protect customers' rights.	No difference
(VI) Does the Company establish a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?	V		Suppliers are important partners in the Company's value chain. In addition to providing customers with products and services of economic value, we also pay attention to social and environmental values. To promote sustainable development and respond to global environmental trends, the Company and suppliers have established long-term partnerships with suppliers and actively ensure that suppliers comply with social and environmental responsibilities in the supply chain. The Company upholds the spirit of corporate citizenship to ensure the safety of the supply chain work environment, respect for labor dignity, fulfill environmental responsibilities, and adhere to ethical standards. Kaulin has established a supplier code of conduct, hoping to achieve corporate social responsibility together with our partners. Since 2024, Kaulin has begun assessing qualified suppliers. In addition to assessing delivery quality, quantity, lead-time, and price, Kaulin has also	No difference

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			included CSR throughout the supply chain and extended the assessment to the environment friendliness, occupational health and safety, labor and human rights, and ethical standards.	
V. Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Has the said reports been certified or guaranteed by a third-party verification unit?		V	The Company adopts the latest "GRI Standards", references the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosure (TCFD), and complies with the regulations outlined by government regulatory bodies such as the "Operating Procedures for Listed Companies to Compile and Declare Corporate Sustainability Reports". We prepare the "2022 Sustainability Report" based on these standards and guidelines, which is publicly available on the Company's website. Please refer to page 112 of 2022 Sustainability Report. The 2023 Sustainability Report will be uploaded before August 31, 2024.	There is no third-party verification unit's assurance or guarantee opinion yet.

VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any differences from the Principles established:

In November 2022, the Company's Board of Directors approved the establishment of the Company's "Sustainable Development Best Practice Principles" to realize corporate environmental sustainability, social responsibility and corporate governance sustainability, and to promote economic, environmental and social progress, in order to achieve sustainable development goals. The Company regularly reviews the implementation in accordance with the principles and makes improvements accordingly. So far, there is no discrepancy in the implementation.

VII. Other important information helpful to understand the status of implementation of sustainable development:

1. With the vision of "Sew Much Better - Let every garment in the world have the sewing thread of Kaulin", the Company has taken on the responsibility of caring for employees, giving back to shareholders, and promoting industrial development. We have set the short-, medium-, and long-term goals of "establishing a sustainable development committee, business strategy planning, risk management, and product quality priority," "green R&D innovation, customer satisfaction, and service innovation," and "brand management and corporate sustainability" to pursue a sustainable future together with all stakeholders.
2. Donations made by the Company to educational and cultural charitable organizations or groups in the most recent year and up to the publication date of this annual report:

Date of donation	Recipients of donations	Donation amount
2023.02	Kaulin Foundation	2,000,000
2023.06	The first half of 2023 Academic Return Fund of Chang Gung University	3,000
2023.12	The second half of 2023 Academic Return Fund of Chang Gung University	50,000

3. The promotion activities of the Kaulin Foundation are as follows:
   - 2023 Education for Sustainability - Kaulin collaborated with the Home Economics Center to provide waste materials from trial runs for six schools to use in the creation and use of sustainable recycling concepts.
   - Re-sewing education - A number of elementary and high schools have held hand-sewing activities from waste materials to convey the concept of resource reuse.
   - Create job opportunities -
     A. Kaulin cooperated with the Textile Research Institute to offer a 300-hour training course for mass production of clothing technology. We also provided brand-new industrial machinery and equipment, including 15 sewing machines, 3 overlock machines, and 1 coverstitch machine, to enhance professional skills and create more job opportunities.
     B. In cooperation with Awakening Foundation, Sung De Women's and Family Service Center, The Mustard Seed Mission, and Zhongzheng Women Support and Empowerment Center, Kaulin has provided a professional facility with industrial sewing machines for skills training workshops. Over the four years from 2020 to 2023, more than 300 women

Items to be promoted	Status of implementation (Note 1)			Differences from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	

have been empowered through this initiative.

C. At the Taipei NPO Hub, Kaulin provides a professional facility equipped with industrial sewing machines and a sustainable fabric bank. This initiative aims to expose more people to industrial sewing machines and explore more industry talent.

D. Cooperated with the Shilin Tatung Women's Center and the Taipei Awakening Association to combine craftsmanship, creativity and business to let more women learn how to make denim tote bags, aprons and other fabric items.

- Community Connections - The Company collaborated with Taiwan Almonds Shop Happy Lane in Kaohsiung, Tainan Chabuwu, and GH Paper MFG., Co., Ltd., to launch a NG cement bag recycling activity. Kaulin provides industrial sewing machines for citizens and visitors to participate in educational workshops where they transform old clothes, NG cement bags, and flags. This initiative promotes the concept of resource recycling and sustainable reuse.
- Charity activities -

A. The Clothing Studio of Cheng Hui-Chung provided discarded bed sheets, which were donated to the Nantou Vox Nativa International Academy, including 72 sets of bed sheets and pillow cases.

B. Cooperated with Lakeshore Hotel to deconstruct and re-sew discarded bed sheets into new fabric products or gifts, which embodies the practice of circular economy and sustainability.

C. At the Sunshine Long-term Care Center near Taoyuan Plant, we organize community care activities. As part of this initiative, we repurpose inventory of new uniforms into waist pillows and drawstring bags, promoting sustainability and showing care for the elderly.

D. In collaboration with iGoods and ROOTS, we participated in the “Hug of Love” charity event at Banqiao Mega City. Kaulin’s sewing experts repurposed old clothes into small pillows, promoting the concept of sustainability and circular economy. Additionally, we transformed ROOTS’ inventory clothes into 60 pillows, which were donated to children in rural areas of Liugui and Nantou.

- Accompanying learning courses - Sponsored the accompanying classes of the Chinese Christian Relief Association, we conducted sustainable handicraft workshops as part of the Re-sewing project in Kaulin Aesthetics workshops across north, central, and south regions. This direct sponsorship of tutoring classes aim to instill a sense of sustainability in education from an early age.
- Sports event sponsorship - Kaulin’s Wings of Dreams for the future program collaborated with the Taiwan Martian Sports Development Association to conduct the fifth annual charity baseball training camp on Koto Island. Kaulin provided equipment for the students to help them realize their dreams.
- Arts and Cultural Event Sponsorship -

A. Kaulin sponsored the Kang Ya-Chu Fiber Art Exhibition - Re/Un/Repack by Repack to convey the concept of sustainable creation.

B. Kaulin sponsored the “I am Hand Tonight Wu Chi-Chen Text Art Exhibition”, where they utilized the concept of sustainability to create installation art using recycled denim provided by the foundation.

4. The Company encourages leaders to build a culture of integrity. If any of the business inspectors, certifiers, or accounting auditors find any violation of the Code of Integrity in the course of their work, they shall be responsible for reporting such violation. Violation of integrity entail not only the return of any improper gains obtained but also disciplinary actions commensurate with the severity of the offense. This disciplinary measures, which may be imposed individually or in combination, include:

(1) Deduction of performance bonus, year-end bonus, and remuneration to employees
(2) Downgrade
(3) Dismissal
(4) Taking legal action.

In 2023 up to now, the Company has not received any complaints.

The Company discloses the status of its implementation of the Ethical Corporate Management Best Practice Principles on its website and in this annual report. Additionally, policies related to integrity and ethics are publicly available on the Company’s website.

Reporting channel: Whistleblowing via email.

6. Risks and opportunities posed by climate change to the Company and the countermeasures taken by the Company

Item	Responsiveness of the Company	
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management	The climate risk and opportunity governance status and annual sustainability risk management topics are reported by the Sustainable Development Committee to the Board of Directors every year, and the Board of Directors monitors the implementation results. The General Manager serves as the Chairman of the Climate Risk and Opportunity Governance, and the heads of all tier-one units implement risk identification, assessment, and treatment.	
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, mid-, and long-term) 3. Describe the financial impact of extreme climate events and transition actions	Risk and opportunity items	**Financial Impacts and Response Mechanisms**
	Increase pricing of GHG emissions	Under the Climate Change Response Act, the carbon fee will be levied on direct or indirect emission high-emission products starting in 2025. The possible financial impact of this aspect of risk is an increase in operating costs. However, at present, the Company does not belong to high-carbon-emission industries, so the overall financial impact on operations is not expected to be significant. In addition to continuing to implement the GHG inventory, the Company will promote it to all subsidiaries of the Group in the short term, and will also conduct assessments for the purchase of green power, biomass energy and carbon rights, as well as setting carbon reduction targets. If the total emission of Scope 1 and Scope 2 for the Headquarters in 2023 amounted to 100 metric tons, and the carbon fee was set at NTD 500 per metric ton, then the annual increase would be NTD 50,000, resulting in a low financial impact.
	Changes in rainfall (water) patterns and extreme changes in climate patterns	The increase in extreme weather events has led to an increase in the frequency of typhoons and rainstorms, which may cause flooding of office buildings and factories, affecting the Company's operations. After assessment, extreme weather events may cause low financial losses. The Company's response measures are to implement the maintenance of the drainage system and establish typhoon and rainstorm emergency response plans to reduce immediate risks. The building and plant area have completed the waterproofing project, natural disaster insurance, and monthly maintenance of the pump and drainage facilities. Therefore, the risk does not pose a significant impact on the overall operation.
	Rising raw material costs	The implementation of carbon taxes, such as the trial carbon tax by the EU starting in 2023 as part of climate change mitigation efforts, is leading to increased production and transportation costs for bulk commodity raw materials, thereby impacting operations. The response plan involves minimizing module design to reduce the use of raw materials, strengthening the localization of procurement in the supply

		chain to mitigate the cost increase in raw materials and transportation. Additionally, implementing mid- to long-term plans to calculate the product carbon footprint and employing green design practices to reduce carbon costs.
	Average temperature rise	The rise in average temperature resulted in the increase of electricity costs. In response, the plant replaced old lighting equipment with energy-saving LED lighting, and the refrigeration and air conditioning system was replaced with Grade 1 energy efficiency equipment. The energy cost is expected to increase by 20% in the short-term of 3 years, and the financial impact will be moderate.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system	The following are implemented in accordance with the risk management policy ● When Sustainable Development Committee members assess ESG risks, they also assess climate risks. ● Material ESG risks and climate risks were discussed and resolved in the Sustainable Development Committee meeting, and approved by the General Manager. ● Set implementation strategies and targets based on the approved ESG risks and climate risks. Report the implementation status of ESG risks and climate risks to the Board of Directors every year.	
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	The Company referred to the 2°C scenario (2DS) for discussion at the Sustainability Committee meeting. If the total emission of Scope 1 and Scope 2 for the Headquarters in 2023 amounted to 100 metric tons, and the carbon fee was set at NTD 500 per metric ton, then the annual increase would be NTD 50,000, resulting in a low financial impact. The tools provided by TCCIP (Taiwan Climate Change Integrated Service Platform) are used as a reference for assessing the physical climate change risk scenarios. Ultimately, RCP8.5 scenario has been adopted as the scenario for climate change physical risks. This scenario projects a temperature increase of 1.9°C by the year 2050, with a 5% increase in electricity consumption. Assuming the electricity tariff remains unchanged, this results in a 5% increase in electricity costs.	
6. If there is a transition plan in place to manage climate-related	The rise of average temperature: 1. Introduce and replace air conditioning systems with Level 1 energy-efficient products. 2. Implement energy storage systems to enhance energy usage efficiency. 3. Increase the proportion of renewable energy sources. Resource efficiency improvement and low-carbon products: 1. Strengthen supply chain management to improve the energy-saving and carbon-reduction benefits of the industry.	

<table>
<tr><td></td><td>risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td>2. The R&D Center's industrial carbon emission needs are also oriented toward energy conservation and high efficiency, and completes the R&D of low-carbon products to meet the needs of enterprises for energy-saving products.
Relevant Indicator Targets:
1. Reduce Scope 1 + Scope 2 GHG emissions by 20% by 2030.
2. Continue to improve product performance, reduce production energy consumption, increase product gross margin, and propose at least one project each year.</td></tr>
<tr><td>7.</td><td>If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</td><td>Internal carbon pricing has not been implemented yet</td></tr>
<tr><td>8.</td><td>If climate-related goals are set, the activities covered, the scope of GHG emissions, the planning period, and the progress of each year should be explained. If using carbon offsets or renewable energy certificates</td><td><table>
<tr><th>Emission reduction target</th><th>Strategy</th><th>Schedule</th></tr>
<tr><td>In comparison with the base year, 2022
20% of greenhouse gas emission reduction from Scope 1 + Scope 2 in 2030
30% of greenhouse gas emission reduction from Scope 1 + Scope 2 in 2040
Net zero emissions in 2050</td><td>1. Purchasing eco-labeled infrastructure equipment through green procurement
2. Replacing the refrigeration and air-conditioning system with those of with Grade 1 energy efficiency.
3. Implementing energy-saving projects for facilities and equipment
4. Expanding solar energy construction for self-use and purchasing the green certificate</td><td>2024 to 2030
2024 to 2030
2024 to 2030
2030 to 2040</td></tr>
</table></td></tr>
</table>

	(RECs) to achieve the goals, it should be explained the source and quantity of carbon offsets of the number of RECs exchanged to achieve the goals.	
9.	GHG inventory and assurance status, and reduction targets, strategies, and specific action plans (please fill in 1-1) and (1-2 separately)	As shown in the table below

1-1 GHG Inventory Information

Describe the GHG emission volume (metric tons CO_2 e), intensity (metric tons CO 2 e / NTD million), data coverage, and assurance level for the most recent two years.

The current status of GHG emissions inventory in the Company is managed voluntarily for the purpose of understanding trends and preparing for early mitigation. As of 2023, it has not been verified by an external third-party verification organization.

2022 GHG emission statistics				
Scope 1	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)	Assurance agencies	Assurance description (verification certificate)
Parent company	8.51	0.0034	TUV	The results of the 2022 GHG inventory have been verified by TUV in May 2023, and the declaration will be obtained in July 2023.
Taoyuan plant	52.85	0.0214		
Kaulin Ningbo Plant	409.17	0.1656		
Scope 2	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)		
Parent company	85.55	0.0346		
Taoyuan plant	322.06	0.1303		
Kaulin Ningbo Plant	5,110.51	2.0681		
Scope 3	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)		
Parent company	36.89	0.0149		
Taoyuan plant	110.11	0.0446		
Kaulin Ningbo Plant	579.94	0.2347		

Note: 2022 revenue of NTD 2,471.056 million

2023 GHG emission statistics				
Scope 1	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)	Assurance agencies	Assurance description
Parent company	6.8361	0.0048	Not assured	Not assured
Taoyuan plant	52.0788	0.0367		
Kaulin Ningbo Plant	214.9818	0.1513		
Scope 2	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)		
Parent company	85.1227	0.0599		
Taoyuan plant	322.1018	0.2267		
Kaulin Ningbo Plant	2,500.0173	1.7599		
Scope 3	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)		
Parent company	176.3559	0.1241		
Taoyuan plant	513.1715	0.3612		
Kaulin Ningbo Plant	587,620.6183	413.6536		

Note: 2023 annual revenue of NTD 1,420.562 million

1-2 Greenhouse gas reduction targets, strategies and specific action plans

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

Emission reduction target	Strategy	Schedule
In comparison with the base year, 2022 20% of greenhouse gas emission reduction from Scope 1 + Scope 2 in 2030 30% of greenhouse gas emission reduction from Scope 1 + Scope 2 in 2040 Net zero emissions in 2050	1. Purchasing eco-labeled infrastructure equipment through green procurement 2. Replacing the refrigeration and air-conditioning system with those of with Grade 1 energy efficiency. 3. Implementing energy-saving projects for facilities and equipment 4. Expanding solar energy construction for self-use and purchasing the green certificate	2024 to 2030 2024 to 2030 2024 to 2030 2030 to 2040

Target achievement status

2022	2023	Status of Achievement
Scope 1 + Scope 2 greenhouse gas emissions were 5,988.65 metric tons CO_2e	Scope 1 + Scope 2 greenhouse gas emissions were 3,181.139 metric tons CO_2e	Emissions were reduced by 46.88%, which is in line with the target

7. The implementation of ethical corporate management and its differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor:

Evaluation Items	Status of operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and plans				
(I) Has the Company formulated the ethical corporate management policies approved by the Board of Directors, and stated in the Articles of Incorporation and external documents the policies and practices of ethical corporate management, and the commitment of the Board of Directors and senior management to actively implement business policies?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" to regulate its relevant policies. To ensure that employees, management, and the Board of Directors understand and follow the Principles, promotions are held from time to time. Also the Principles are included in the internal control system.	Compliant
(II) Has the Company established an assessment mechanism for the risk of unethical conducts, regularly analyzed and assessed business activities with higher risks of unethical conducts within the business scope, and formulated prevention methods that at least cover paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) The Company organizes education, training, and promotion for Directors, supervisors, managers, employees, and actual controllers from time to time. Additionally, we invite counterparts engaged in business with the Company to the activities mentioned above so that they can fully understand the Company's determination, policies, preventive methods, and consequences of unethical conducts.	Compliant
(III) Has the Company clearly stated the operational procedures, conduct guidelines, punishment and complaint systems in the prevention methods, and implemented, reviewed, and amended the aforementioned methods?	V		(III) The Company has established the Procedures for Ethical Management and Guidelines for Conduct, in which specifically prohibits offering and accepting bribes, as well as accepting unreasonable gifts, hospitality, or other improper benefits. In addition to establishing various control points for internal control, preventive measures such as a whistle-blowing hotline have also been established.	Compliant
II. Implementation of ethical corporate management				
(I) Does the Company evaluate the ethical records of the trading parties, and specify the ethical conduct clauses in the contracts signed with the trading parties?	V		(I) The Company evaluates counterparties for any record of unethical behavior when conducting business, and specifies the terms of ethical conducts in the contracts signed.	Compliant
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management, and reported to the Board of Directors regularly (at least once a year) on the implementation of ethical management policies and prevention of unethical conducts, and the supervision of such units?	V		(II) The Company has established the Sustainable Development Committee under the Board of Directors as a dedicated unit to promote ethical corporate management.	Compliant
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate	V		(III) The Company provides proper whistle-blowing channels, and keeps the identity	Compliant

Evaluation Items	Status of operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	No	Summary description	
channels of statement, and implemented the policies?			of the whistleblower confidential, as well as the contents of the report. The Company has clearly stated the punishment and appeal system for violating the ethical corporate management rules, and immediately discloses within the Company the title and name of the violator, the date of violation, the content of the violation, and the status of the Company's response.	
(IV) Has the Company established an effective accounting system and internal control system to carry out ethical corporate management? Additionally, does the internal audit unit of the Company formulate relevant audit plans, examine the compliance of prevention of unethical conducts, or appoint CPAs to do so in accordance with status of unethical conduct evaluation items, the summary of ethical corporate management of TWSE/TPEx-listed companies and its differences and reasons thereof, and the evaluation results of conduct risks?	V		(IV) The Company has established an accounting system and internal control system in accordance with the requirements of the competent authority, and prepared the financial statements in accordance with the International Financial Reporting Standards. There are no open accounts or confidential accounts. In addition to regular audits conducted by internal auditors, CPAs are entrusted to perform audits to reduce the probability of occurrence of operational activities with a higher risk of unethical conducts.	Compliant
(V) Does the Company organize internal and external education and training regarding ethical corporate management on a regular basis?	V		(V) The Company organizes internal and external education and training for Directors, supervisors, managers, employees, and actual controllers on a regular basis, so that they can fully understand the Company's determination, policies, preventive methods, and consequences of performing unethical conducts.	Compliant
III. Implementation of whistle-blowing system				
(I) Has the Company established a specific whistle-blowing and reward system and a convenient whistle-blowing channel, and assigned appropriate dedicated personnel to handle the matter concerning the individuals being reported?	V		(I) Article 19 of the Company's " Ethical Corporate Management Best Practice Principles" specifies the reporting and handling units for violations of laws and regulations and the Principles.	Compliant
(II) Has the Company established standard operating procedures for the investigation of whistle-blowing matters, follow-up measures to be taken after the investigation is completed, and a related confidentiality mechanism?	V		(II) The Company has established standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism to protect the rights and interests of whistle-blowers.	Compliant
(III) Does the Company take measures to protect the whistleblower from improper treatment due to their whistleblowing?	V		(III) The Company has established relevant confidentiality mechanisms to protect whistleblowers from improper treatment as a result of their whistleblowing.	Compliant
IV. Reinforcement of information disclosure	V		(I) The Company discloses its implementation	Compliant

Evaluation Items	Status of operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	No	Summary description	
(I) Has the Company disclosed the content of the Ethical Corporate Management Best Practice Principles and promote the effectiveness thereof on its website and Market Observation Post System (MOPS)?			of the Ethical Corporate Management Best Practice Principles on its website, annual reports and prospectus. The Company has established both Chinese and English websites to disclose relevant investor information and corporate governance information under the investor section. The Company's website can be linked to MOPS for related content. In addition, the Company has prepared the Annual Report for Shareholders' meetings in accordance with the "Regulations Governing Information to be Published in Annual Reports of Public Companies", and sent the electronic file of the Annual Report to MOPS before Shareholders' meetings.	
V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please state the current practices and any differences with the Principles: The Company has established the Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, which has been enforced accordingly.				
VI. Other important information helpful to understand the Company's ethical corporate management operations: (e.g. the status in which the Company reviews and amends its Ethical Corporate Management Best Practice Principles) (I) The Company has duly implemented regulations related to corporate governance, established the compliance system for regulations, internal control and audit system, and risk management mechanism. Moreover, we have strengthened the functions of the Board of Directors, exerted the function of supervisors, respected the rights and interests of stakeholders, and improved information transparency. (II) The Company engages in business activities fairly and transparently. Before each transaction, we make sure whether the counterparty has a record of unethical behaviors and prevent trading or signing contracts with individuals with a record of unethical conducts. If the counterparty of the transaction is involved in unethical conducts, the contract may be terminated or ended at any time. (III) The Company organizes education, training, and promotion for Directors, supervisors, managers, employees, and actual controllers from time to time. Additionally, we invite counterparts engaged in business with the Company to the activities mentioned above so that they can fully understand the Company's determination, policies, preventive methods, and consequences of unethical conducts. (IV) The Company has also integrated its ethical management policy with employee performance evaluation and human resources policies, and established a clear and effective reward and punishment system.				

8. If the Company has formulated articles of incorporation or related bylaws, the inquiry method shall be disclosed:

On May 13, 2021, the Board of Directors has resolved to approve the Corporate Governance Best Practice Principles. For the Company's corporate governance implementation, please refer to (III) Corporate Governance Implementation and Its differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons of the Annual Report. In addition, the Company has established the Ethical Corporate Management Best Practice Principles, Corporate Social Responsibility Best Practice Principles, Management Guidelines for Prevention of Insider Trading, Procedures for Acquisition or Disposal of Assets, Rules and Procedures of Shareholders' Meeting, Charter for Audit Committee, Charter for Remuneration Committee, Procedures for Endorsements and Guarantees, Procedures of Self-evaluation or Peer Evaluation for Board of Directors, Rules for Board of Directors Meetings, Regulations Governing the Election of Directors and Independent Directors, Operational Procedures for Lending Funds to Others, and Code of Ethical Conduct. For relevant regulations, please visit www.siruba.com.

9. Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance shall also be disclosed.

(1) In the re-election of the Board of Directors in June 2023, another female member was added. Currently. there are 3 female members in total.

(2) The Independent Directors and Remuneration Committee, and Audit Committee have been strengthened after the four legal experts, financial experts and operation management experts with Ph.D. and Master's degrees joined, hoping to provide encouragement and improvement for corporate governance in all aspects.

(3) For organizations, the Company has established the Sustainable Development Committee and assigned dedicated personnel to perform specific duties in terms of corporate governance.

(4) External consultants has been invited for guidance, and the sustainability report of 2022 and 2023 have been voluntarily submitted for two consecutive years.

(5) The Company regularly donates to the Kaulin Foundation, which engages in helping the disadvantaged and Re-sewing Projects. The Company provides sewing equipment and technology to assist disadvantaged women and indigenous tribes in sewing skills and re-learning to improve their employment.

9. Implementation of the internal control system

9-1 Declaration of internal control system

KAULIN MFG. CO., LTD.
Declaration of Internal Control System

Date: March 14, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-evaluation:

I. The Company is fully aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers, and such system has been established. Its purpose is to provide reasonable assurance on the effect and efficiency of operations (including profitability, performance, and protection of asset security), report the achievement of goals that include reliability, timeliness, transparency, and compliance with relevant laws and regulations.

II. There are inherent limitations to the internal control system. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, due to changes in the environment and situation, the effectiveness of the internal control system is possible to change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.

III. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the criteria for the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the “Regulations" are based on the process of managing control. The internal control system is divided into five elements: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision operations. Each element further includes several items. For details of the aforementioned items, please refer to the "Regulations".

IV. The Company has adopted the abovementioned criteria to determine the effectiveness of the design and execution of the internal control system.

V. Based on the aforementioned evaluation results, as of December 31, 2023, the Company believes that the internal control system (the supervision and management of subsidiaries are included) is effective, including its effects of understanding operations and the degree and report of achieving the efficiency targets, is reliable, timely, transparent, and compliant with the internal control system with relevant regulations and laws, which can reasonably ensure the achievement of the above objectives.

VI. This statement shall serve as an integral part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any unlawful act of falsehood or non-disclosure in the above-mentioned disclosure may result in legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Declaration was approved by the Board of Directors in the meeting held on March 14, 2024. Six directors present in the meeting all agreed with the content of this Declaration, and none of them expressed objections.

KAULIN MFG. CO., LTD.
Chairman: Lin Chen Ya-Tzu, Signature:
General Manager: Lin Sheng-Chih, Signature:

9-2 If a CPA is commissioned to review the internal control system, the CPA's review report should be disclosed: Not applicable.

10. In the most recent year and up to the date of publication of the Annual Report, any penalties imposed against the Company and its internal personnel, or penalties against internal personnel by the Company for violating internal control regulations, and the status of major deficiencies and improvements: None
11. Important resolutions of the Shareholders' meetings and the Board of Directors in the most recent year and up to the date of publication of the Annual Report:

(1) Shareholders' meeting		
Date	Important resolution	Review on Implementation
2023.06.30	1. Recognition of the motion of 2022 Business Report and Financial Statement. 2. Recognition of the motion for the Company's 2022 earnings distribution. 3. Election of the seven directors (four independent directors included). 3. Discussion of motion of removing non-compete prohibition for new directors and their representatives.	Among them, the 2022 earnings distribution has been conducted on September 22, 2023, and the rest have been completed
(2) Board of Directors		
Date	Important resolution	Review on Implementation
2023.01.20	1. Approval of the motion of the 2023 Group Business Plan. 2. Approval of the motion of continuing to establish a short-term credit line with E.SUN Bank. 3. Approval of the Company's motion for donating NTD 2 million to the Kaulin Foundation in order to promote the ESG sustainable management ideal. 4. Approval of the motion of the distribution of year-end bonuses to the Company's managers in 2022.	Already completed
2023.03.23	1. Approval of the motion of the 2022 parent company only financial statements and consolidated financial statements, along with motion of reviewing the Business Report. 2. Approval of the motion of the 2022 earnings distribution. 3. Approval of the motion of the 2022 distribution of remuneration to employees and directors. 4. Approval of the motion of the 2022 declaration of internal control system. 5. Approval of the motion of the evaluation of the competence and independence of the appointed CPAs in 2023. 6. Approval of the motion of continuing to establish a short-term credit line with Mega Bank. 7. Approval of the motion of formulating the general principles of the Company's pre-approval non-assurance service policy. 8. Approval of the motion of the 2022 performance evaluation report of Board of Directors (including functional committees). 9. Approval of the motion of the dissolution and liquidation of the Company's subsidiary SiRUBA Latin America Inc. and its subsidiary, Yongda. 10. Approval of the motion of the appointment of the Company's Head of Corporate Governance. 11. Approval of the motion to change the Company's spokesperson and acting spokesperson.	Already completed

	12. Motion of the election of seven directors of the Company (four independent directors included). 13. Approval of the motion of removal of non-compete prohibition for new directors and their representatives. 14. Approval of the motion of convening the 2023 General Shareholders' Meeting.	
2023.05.11	1. Approval of the motion of the Company's consolidated financial statements for Q1 of 2023. 2. Approval of the motion of categorizing the subsidiary SiRUBA Vietnam as fund lending for overdue accounts receivable of more than 90 days and an amount greater than NTD 100 million. 3. Approval of the motion of the review for director candidates (including independent directors) nominated by shareholders for the 2023 shareholders' meeting.	Already completed
2023.08.10	1. Approval of the motion of the Company's consolidated financial statements for Q2 of 2023. 2. Approval of the motion of the ex-dividend date for the 2022 earnings distribution. 3. Approval of the motion of the distribution of individual remuneration to the directors for 2022. 4. Approval of the motion of the distribution of remuneration to the managers for 2022. 5. Approval of the motion of applying for a loan of NTD 100 million each from the Export-Import Bank of the Republic of China and E.SUN Bank.	Already completed
2023.11.09	1. Approval of the motion of the Company's consolidated financial statements for Q3 of 2023. 2. Approval of the motion of formulating the 2024 internal audit plan. 3. Approval of the motion of appointing a head of information security and dedicated personnel for information security. 4. Approval of the motion of revising the "Standard Operating Procedures for Handling Directors' Requests". 5. Approval of the motion of establishing the "Rules Governing Operations in Relation to Finance and Business Between Related Parties". 6. Approval of the motion of revising the Company's "Details of Internal Audit Implementation".	Already completed
2024.01.23	1. Approval of the motion of the 2024 Group Business Plan. 2. Approval of the motion of continuing to establish a short-term credit line with E.SUN Bank and Mega Bank. 3. Approval of the motion of the distribution of year-end bonuses to the managers in 2023. 4. Approval of the motion of revising the 2024 audit plan.	Already completed
2024.03.14	1. Approval of the motion of the 2023 parent company only financial statements and consolidated financial statements, along with motion of reviewing the Business Report. 2. Approval of the motion of the 2023 earnings distribution. 3. Approval of the motion of the 2023 distribution of remuneration to employees and directors. 4. Approval of the motion of the 2023 declaration of internal control system. 5. Approval of the motion of the evaluation of the competence and independence of the appointed CPAs in 2024. 6. Approval of the motion of the 2023 performance evaluation report of Board of Directors (including functional committees).	Already completed

	7. Approval of the motion of the retirement of President Lin Sheng-Chih and the appointment of the new General Manager Lin Pei-Chia. 8. Approval of the motion of the pension for the General Manager. 9. Approval of the motion of the remuneration to the new General Manager. 10. Approval of the motion of the amendments to the "Rules for Board of Directors Meetings". 11. Approval of the motion of amending the "Audit Committee Charter". 12. Approval of the motion of convening the 2024 General Shareholders' Meeting.	
2024.05.09	(1) Approval of the motion of reviewing the consolidated financial statements for Q1 of 2024. (2) Approval of the motion of the appointment of the head of internal audit. (3) Approval of the motion of convening the 2024 Shareholders' meeting of (change of meeting location and time).	Already completed

12. In the most recent year and up to the date of publication of the Annual Report, a director or supervisor has expressed an objection with respect to a material resolution passed by the Board of Directors, and said objection has been recorded or written as declaration: None.
13. A summary of the resignation and dismissal of the Company's relevant personnel, including the Chairman, General Manager, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance, and Head of R&D in the most recent year and up to the date of publication of the Annual Report:

April 30, 2024

Job title	Name	Inauguration date	Resignation date	Reason for resignation or dismissal
President	Lin Sheng-Zhi	2020.02.04	2024.03.25	Retirement
Head of Internal Audit	Chen Wen-Pin	2014.10.15	2024.03.13	Retirement
Head of R&D	Tseng Chih-Cheng	2020.10.01	2023.12.31	Job rotation

IV. Information on CPAs:

Information on CPA fees

Unit: NTD Thousand

Name of CPA firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Note
KPMG Taiwan	Hsu Yu-Feng Kou Hui-Chih	2023	2,970	586	3,556	Including business trip expenses, assisting in the repatriation of earnings in Mainland China for tax anticipation application, reviewing of direct deduction method for dual-state businesses, and transferring pricing reports.

Note: If the Company has replaced the CPAs or CPA firm this year, please list the audit period separately, and explain the reason for the replacement in the note column, and disclose the audit and non-audit public fees paid in order. Non-audit fees and service contents shall be explained in notes.

1. Non-audit fees paid to the CPA, the firm of the CPA, and to any affiliates of such accounting firm, accounting for one quarter or more of the audit fees: In 2023, the non-audit fees paid to the CPAs, the firm of the CPAs, and to any affiliates of such accounting firm account for 19.73 % of audit fees.
2. Changes of accounting firm and the audit fees paid in the year of replacement are less than those of the previous year: The audit fees paid to replace the accounting firm and the audit fees paid in the year of replacement are the same as those of the previous year.
3. When the audit fees paid for the current fiscal year are lower than those for the previous year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed.

V. Information on replacement of CPAs:

In order to meet the Company's long-term strategic development and internal management needs, the Company plans to change the CPA firm from "Deloitte Taiwan" to "KPMG Taiwan" starting from Q1 of 2022. CPAs were changed from Chao Yung-Hsiang and Cheng Chin-Tsung to Hsu Yu-Feng and Kou Hui-Chih.

I. Former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">Approved by the Board of Directors on 2022.03.24</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">In response to the Company's long-term strategic development and internal management needs</td></tr>
<tr><td rowspan="3">Appointment terminated or not accepted by the client or the CPA</td><td colspan="2">Party concerned
Situation</td><td>Certified Public Accountant</td><td>Principal</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td></td><td>V</td></tr>
<tr><td colspan="2">No longer accepting (continuing) appointment</td><td></td><td></td></tr>
<tr><td>Opinions and reasons of audit reports other than unqualified opinions proposed in the last 2 years</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit Scope or procedure</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (Items to be disclosed in Item 1-4-1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="4">None</td></tr>
</table>

II. Succeeding CPAs

Name of firm	KPMG Taiwan
Name of CPA	Hsu Yu-Feng
Date of appointment	Approved by the Board of Directors on 2022.03.24
The opinions and consultation results that may be issued on the accounting treatment or accounting principles of specific transactions and financial statements prior to the appointment	None
Written opinions of the successor CPA on matters of disagreement with the former CPA	None

Name of firm	KPMG Taiwan
Name of CPA	Kou Hui-Chih
Date of appointment	Approved by the Board of Directors on 2022.03.24
The opinions and consultation results that may be issued on the accounting treatment or accounting principles of specific transactions and financial statements prior to the appointment	None
Written opinions of the successor CPA on matters of disagreement with the former CPA	None

III. The reply of the former CPA to the items specified in item 1 and item 2-3, paragraph 6, Article 10, of the Guidelines: None.

VI. The Company's Chairman, General Manager, and managers in charge of financial or accounting matters who have worked in the CPA firm or Its affiliates in the most recent year: None.

VII. Evaluation of the independence of the CPAs

The Audit Committee evaluates the independence and suitability of its subordinate CPAs every year. In addition to requiring CPAs to provide "Declaration of Independence" and "Audit Quality Indicators (AQIs)", the Committee conducts evaluation in accordance with the standards and 13 AQIs specified in Note 1. The CPAs were confirmed to have no other financial interests or business relationship with the Company, and no family members of the CPAs violated the independence requirements. AQIs were also used to confirm that the CPAs and the firm had a better performance in the number of training hours than the industry average. In addition, we will continue to introduce digital audit instruments in the next three years to improve audit quality. The evaluation results of the most recent year were discussed and approved by the Audit Committee on March 14, 2024, and were submitted to the Board of Directors' resolution on March 14, 2024 to evaluate the independence and suitability of the CPAs.

VIII. Transfer and pledge of equity interests by a director, manager, or shareholder with a stake of more than 10 percent in the most recent year and up to the date of publication of the Annual Report

1. Changes of equity in shareholdings of Directors, managers and major shareholders

Job title	Name	2023		As of April 23 of the current year	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	Lin Chen Ya-Tzu	0	0	0	0
Director	HUNG-LIN Investment Co., Ltd.	0	0	0	0
	Representative of HUNG-LIN Investment Co., Ltd.: Lin Sheng-Chih	0	0	0	0
Director	HUNG-LIN Investment Co., Ltd.	0	0	-	-
	Representative of HUNG-LIN Investment Co., Ltd.: Lin Pei-Chia	0	0	-	-
Director	HUNG-LIN Investment Co., Ltd.	0	0	-	-
	Representative of HUNG-LIN Investment Co., Ltd.: Chen I-Feng	0	0	-	-
Director	HUNG-LIN Investment Co., Ltd.	0	0	0	0
	Representative of HUNG-LIN Investment Co., Ltd.: Lin Yu-Chen	0	0	0	0
Independent Director	Yang Chi-Lun	0	0	0	0
Independent Director	Lin Sheng-Sheng	0	0	0	0
Independent Director	Huang Li-Ting	0	0	0	0
Independent Director	Tang Yan-Bo	0	0	0	0
President	Lin Sheng-Zhi	0	0	0	0
President	Lin Pei-Chia	-	-	0	0
Assistant Manager	Tu Yu-Lin	0	0	-	-
Assistant Manager	Chan Cheng-Wei	0	0	0	0
Assistant Manager	Tseng Chih-Cheng	0	0	0	0
Assistant Manager	Pan Ping-Yueh	0	0	0	0
Assistant Manager	Lin Wen-Ling	0	0	0	0
Assistant Manager	Chen Wen-Pin	0	0	0	0
Assistant Manager	Lin Tseng-Hsin	0	0	0	0
Major Shareholder	HUNG-LIN Investment Co., Ltd.	0	0	0	0

Note: Directors Lin Pei-Chia and Chen I-Feng were dismissed on June 30, 2023.
Directors Lin Yu-Chen and Tang Yen-Bo were newly appointed on June 30, 2023.
Tu Yu-Lin retired on December 31, 2013, and Chen Wen-Pin retired on March 13, 2024
General Manager Lin Sheng-Chih was dismissed on March 25, 2024. General Manager Lin Pei-Chia was newly appointed on March 25, 2024.
Assistant Manager of Business Division No. 1 Pan Ping-Yueh retired on March 31, 2024.

2. Information on equity transfer (non-centralized market transactions): None

3. Information on pledge of equity: None

IX. Information on the relationship among the top ten shareholders in terms of shareholding ratio

<u>Disclosure of related parties among the top ten shareholders</u> April 23, 2024

Name	Shares held by the owner		Shares held by spouse and underage children		Shares held in other individual's name		Name and relationship among the top ten shareholders.		Remark
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name	Relationships	
HUNG-LIN Investment Representative: Lin Sheng-Chih	43,263,01	23.5					Lin Sheng-Zhi	Person in charge	
	6,483,20	3.5					LIN, YU-WEN Lin Chen Ya-Tzu Lin Pei-Chia HUNG-LIN Investment Lin Hsiu-Jung, Lin Yu-Chen	Father and son Mother and son Siblings Person in charge Siblings	
LIN, YU-WEN	15,496,87	8.4	2,587,41	1.4			Lin Chen Ya-Tzu Lin Sheng-Chih, Lin Pei-Chia Lin Hsiu-Jung, Lin Yu-Chen	Spouse Father and son Father and daughter	
Lin Sheng-Zhi	6,483,20	3.5					LIN, YU-WEN Lin Chen Ya-Tzu Lin Pei-Chia HUNG-LIN Investment Lin Hsiu-Jung, Lin Yu-Chen	Father and son Mother and son Siblings Person in charge Siblings	
Lin Hsiu-Jung	4,057,31	2.2					LIN, YU-WEN Lin Chen Ya-Tzu Lin Sheng-Zhi Lin Pei-Chia Lin Yu-Chen	Father and daughter Mother and daughter Siblings Siblings Siblings	
Lin Pei-Chia	4,005,20	2.1	593,30				LIN, YU-WEN Lin Chen Ya-Tzu Lin Sheng-Zhi Lin Hsiu-Jung, Lin Yu-Chen	Father and son Mother and son Siblings Siblings	
Lin Yu-Chen	2,981,80	1.6					LIN, YU-WEN Lin Chen Ya-Tzu Lin Hsiu-Jung Lin Sheng-Zhi Lin Pei-Chia	Father and daughter Mother and daughter Siblings Siblings Siblings	
Lin Chen Ya-Tzu	2,587,41	1.4	15,496,87	8.4			LIN, YU-WEN Lin Sheng-Chih, Lin Pei-Chia Lin Hsiu-Jung, Lin Yu-Chen	Spouse Mother and son Mother and daughter	
Chien Chih-Peng	2,055,00	1.1					None	None	
Chang Shu-I	2,000,00	1.0					None	None	
Lin Cheng-Wei	1,933,76	1.0					Lin Yu-Wen, Lin Chen Ya-Tzu Lin Sheng-Zhi	Grandparents and grandchild Father and son	

X. The number of shares held by the Company, its directors, managers, and the number of shares held by the Company in any single investee directly or indirectly controlled by the Company, and its consolidated shareholding ratios

Unit: shares; %

Investee (Note 1)	The Company's investment		Investment businesses directly or indirectly controlled by directors, supervisors, managers		Comprehensive investment	
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)
SIRUBA Latin America	300	100.00	0	0.00	300	100.00
SIRUBA Investments Singapore	2,000,000	100.00	0	0.00	2,000,000	100.00
SIRUBA Vietnam	-	100.00	-	0.00	-	100.00

Note 1: It is a long-term investment of the Company.

Four. Fundraising Status
I. Capital and shares
(I) Sources of share capital:

Unit: share/NTD

Year/month	Issuance price	Authorized capital stock		Paid-in capital stock		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Offset by property other than cash	Others
October 1965	10	24,000	240,000	24,000	240,000	Cash 240,000	None	October 5, 1965 (54) Jian-San-Zi No. 53805
May 1971	10	50,000	500,000	50,000	500,000	Cash increase 260,000	None	May 18, 1971 (60) Jian-Yi-Zi No. 65206
June 1976	10	100,000	1,000,000	100,000	1,000,000	Cash increase 500,000	None	June 1, 1976 (65) Jian-Yi-Zhi No. 87003
May 1977	10	600,000	6,000,000	600,000	6,000,000	Cash increase 5,000,000	None	May 24, 1977 (66) Jian-Yi-Zi No. 80558
December 1980	10	1,600,000	16,000,000	1,600,000	16,000,000	Cash increase 10,000,000	None	December 24, 1980 (69) Jian-Yi-Zhi No. 107406
November 1983	10	3,600,000	36,000,000	3,600,000	36,000,000	Cash increase 20,000,000	None	November 3, 1983 Jing-(72)-Shang-Zi No. 44235
April 1988	10	7,100,000	71,000,000	7,100,000	71,000,000	Cash increase 35,000,000	None	April 6, 1988 Jing-(77)-Shang-Zi No. 09054
October 1989	10	12,100,000	121,000,000	12,100,000	121,000,000	Cash increase 50,000,000	None	October 20, 1989 Jing-(78)-Shang-Zi No. 129392
December 1989	10	19,900,000	199,000,000	19,900,000	199,000,000	Cash increase 78,000,000	None	December 15, 1989 Jing-(78)-Shang-Zi No. 135596
September 1997	10	39,800,000	398,000,000	39,800,000	398,000,000	Retained earnings transferred to capital 199,000,000	None	December 18, 1997 Jing-(86)-Shang-Zi No. 125507
November 1997	10	48,800,000	488,000,000	48,800,000	488,000,000	Cash increase 90,000,000	None	December 18, 1997 Jing-(86)-Shang-Zi No. 125507
November 1997	10	67,800,000	678,000,000	67,800,000	678,000,000	Consolidated 190,000,000	None	December 18, 1997 Jing-(86)-Shang-Zi No. 125507
September 1998	10	77,970,000	779,700,000	77,970,000	779,700,000	Retained earnings transferred to capital 101,700,000	None	December 10, 1998 Jing-(87)-Shang-Zi No. 135526
August 1999	10	140,346,000	1,403,460,000	93,564,000	935,640,000	Retained earnings transferred to capital 155,940,000	None	September 20, 1999 Jing-(088)-Shang-Zi No. 134712
September 2000	10	140,346,000	1,403,460,000	108,412,224	1,084,122,240	Retained earnings transferred to capital 148,482,240	None	September 20, 2000 Jing-(088)-Shang-Zi No. 134712
September 2001	10	178,600,000	1,786,000,000	119,912,106	1,199,121,060	Retained earnings transferred to capital 114,998,820	None	September 20, 2004 Jing-(090)-Shang-Zi No. 09001375300
July 2004	10	178,600,000	1,786,000,000	138,789,764	1,387,897,640	Retained earnings transferred to capital 188,776,580	None	September 20, 2004 Jing-Shou-Shan-Zhi-No. 09301178810
September 2005	10	178,600,000	1,786,000,000	146,044,324	1,460,443,240	Turnover into profit 72,545,600	None	September 30, 2005 Jing-Shou-Shan-Zhi-No. 09401193950
September 2006	10	178,600,000	1,786,000,000	169,495,565	1,694,955,650	Turnover into profit 234,512,410	None	Jing-Shou-Shan-Zhi-No. 09501215690

Year/month	Issuance price	Authorized capital stock		Paid-in capital stock		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Offset by property other than cash	Others
October 2008	10	200,000,000	2,000,000,000	193,151,080	1,931,510,800	Turnover into profit 236,555,150	None	October 9, 2008 Jing-Shou-Shan-Zhi-No. 09701253370
May 2018	10	200,000,000	2,000,000,000	185,008,080	1,850,080,800	Cancellation of treasury stock for capital reduction -81,430,000	None	May 23, 2018 Jing-Shou-Shan-Zhi-No. 10701051870
August 2020	10	200,000,000	2,000,000,000	183,608,080	1,836,080,800	Write-off of treasury stock for capital reduction - 14,000,000	None	August 4, 2020 Jing-Shou-Shan-Zhi-No. 10901126920

Type of shares:

Unit: share April 23, 2024

Type of shares	Authorized share capital			Note
	Outstanding shares (listed)	Unissued shares	Total	
Common shares	183,608,080 shares	16,391,920 shares	200,000,000 shares	

(II) Shareholder structure

April 23, 2024

Shareholder structure / Quantity	Treasury shares	Government agency	Financial institution	Corporate shareholder	Individual	Foreign national of foreign institution and other legal person	Total
Number of people	1	0	4	14	13,896	45	13,960
Number of shares held	1,500,000	0	19,000	43,824,318	134,079,575	4,185,187	183,608,080
Shareholding ratio	0.82%	0%	0.01%	23.87%	73.02%	2.28%	100.00%
Note: No shares held by Chinese investors.							

(III) Dispersion of common stock

April 23, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	7,888	1,729,679	0.94
1,000 to 5,000	4,235	8,822,407	4.81
5,001 to 10,000	773	6,182,791	3.37
10,001 to 15,000	234	3,033,289	1.65
15,001 to 20,000	191	3,553,032	1.94
20,001 to 30,000	163	4,185,385	2.28
30,001 - 40,000	99	3,574,810	1.95
40,001 - 50,000	67	3,161,929	1.72
50,001 to 100,000	139	9,691,418	5.28
100,001 to 200,000	93	13,730,740	7.48
200,001 to 400,000	32	9,311,865	5.07
400,001 to 600,000	17	8,385,344	4.56
600,001 to 800,000	3	2,077,062	1.13
800,001 to 1,000,000	3	2,649,000	1.44
Over 1,000,001	23	103,519,329	56.38
Total	13,960	183,608,080	100.00

Note: Face value per share is NTD 10.

(IV) Dispersion of preferred stock: None

(V) List of major shareholders

Transfer suspension date: April 23, 2024

Shares / Name of Major Shareholder	Number of shares held	Shareholding ratio (%)
HUNG-LIN Investment Representative Lin Sheng-Zhi	43,263,015	23.56
	6,483,205	3.53
LIN, YU-WEN	15,496,873	8.44
Lin Sheng-Zhi	6,483,205	3.53
Lin Hsiu-Jung	4,057,319	2.21
Lin Pei-Chia	4,005,205	2.18
Lin Yu-Chen	2,981,803	1.62
Lin Chen Ya-Tzu	2,587,412	1.41
Chien Chih-Peng	2,055,000	1.12
Chang Shu-I	2,000,000	1.09
Lin Cheng-Wei	1,933,765	1.05

(VI) Market price per share, net worth, earnings, dividends and related information in the most recent two years

Unit: NTD

Item		Year	2022	2023	Current year up to March 31, 2024
Market price per share (Note 1)	Highest		16.40	15.00	13.90
	Lowest		12.80	13.00	12.95
	Average		14.64	14.12	13.36
Net value per share (Note 2)	Before distribution		20.38	19.54	19.94
	After distribution		19.68	Not yet distributed	Not applicable
Earnings per share	Weighted average number of shares		183,608,080 shares	183,608,080 shares	183,608,080 shares
	Earnings per share (Note 3)		1.02	0.08	0.07
Dividends per share	Cash dividends		0.80	0.20	Not applicable
	Bonus stock dividend	Stock dividend from retained earnings	-	-	Not applicable
		Stock dividend from capital reserve	-	-	Not applicable
	Accumulated unpaid dividends (Note 4)		-	-	Not applicable
Analysis of investment return	Price-to-earnings ratio (Note 5)		14.35	176.50	Not applicable
	Price-to-dividends ratio (Note 6)		18.30	70.60	Not applicable
	Dividend yield (Note 7)		5.46%	1.42%	Not applicable

*If the earnings or capital reserves are transferred to increase capital by distribution of shares, the market price adjusted retroactively based on the number of shares distributed and the cash dividend shall be disclosed.

Note 1: The highest and lowest market prices of common shares in each year are listed, and the average market price in each year is calculated based on the transaction value and trading volume in each year.

Note 2: Based on the number of issued shares at the end of the year and, and fill in according to the resolution of the Board of Directors or the Shareholders' meeting of the following year.

Note 3: Earnings per share before and after adjustments shall be listed if retrospectively adjusted due to share grants.

Note 4: If the equity securities are issued under the terms and conditions that the unpaid dividends in the year may be accumulated until the year with profits, the accumulated unpaid dividends of the current year should be disclosed separately.

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

Note 6: Price-to-dividends ratio = Average closing price per share for the year/cash dividends per share.

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

Note 8: The book value per share and earnings per share shall be filled in with the audited (reviewed) information of the CPA in the most recent quarter up to the publication date of the Annual Report. The other columns shall be filled in with the information of the current year up to the publication date of the Annual Report.

(VII) Dividend policy and implementation:

1. Dividend policy stipulated in the Articles of Incorporation

If there is a surplus in the annual final settlement, taxes shall be paid first, followed by making up for the losses, and then appropriate 10% of it as a legal reserve. However, this restriction does not apply when the statutory earnings reserve has reached the Company's paid-in capital. If there is still a surplus after setting aside or reversing the special reserve according to laws and regulations, the balance shall be added to the accumulated undistributed surplus in previous years, and the Board of Directors shall draft a distribution proposal and submit it to the shareholders' meeting for a resolution to distribute shareholders' dividends or retain such bonuses.

For the Company's dividend policy, in response to the characteristics of the overall industrial growth and the long-term financial planning with an aim to seek sustainable operations while taking into account the interests of shareholders and other factors, the Company's 2022 earnings distribution was resolved by the Board of Directors to allocate NTD 145,686,464 of cash dividend from the surplus, with NTD 0.8 per share. After the resolution of the annual Shareholders' meeting, the Board of Directors is authorized to set another dividend base date. The proposed shareholders' dividends accounted for 78.13% of the 2022 earnings.

2. The proposed dividend distribution for the current shareholders' meeting is outlined in the earnings distribution table for 2023 as follows:

KAULIN MFG. CO., LTD.

2023 Earnings Distribution Table

Unit: NTD

Undistributed earnings at the beginning of the period		$ 831,613,562
Plus (minus):		
The remeasurement of the defined benefit plan is recognized in retained earnings	1,590,710	
Net profit after tax for the period	14,024,972	
Net amount after tax reclassified from other comprehensive income or other equity items	(37,608,655)	(21,992,973)
Distributable earnings		809,620,589
Plus (minus):		
Appropriation to legal reserves (10%)	0	
Reversal of special reserve as required by law	12,694,100	12,694,100
Distributable earnings for the period		822,314,689
Item of distribution		
Shareholder dividends (cash dividend of NTD 0.20)	(36,421,616)	(36,421,616)
Undistributed earnings at the end of the period		$ 785,893,073

Notes:
1. The amount of earnings distribution in 2023 is prioritized.
2. The cash dividends for this period is calculated up to the nearest integer, with amounts less than NTD 1 disregarded. The total sum of fractions less than NTD 1 is adjusted from the largest to the smallest decimal digit and from the front to the back of the account numbers until matching the total amount of cash dividend distribution.

Chairman: Lin Chen Ya-Tzu Manager: Lin Sheng-Chih
Head of Accounting: Lin Tseng-Hsin

3. If there is a significant change in the expected dividend policy, an explanation shall be provided: None.

(VIII) Impacts of the distribution of bonus shares proposed at the current shareholders' meeting on the Company's operating performance, earnings per share and return on investment to shareholders: The current shareholders' meeting proposed to distribute all bonus shares in full cash and there is no bonus issuance, and thus is not applicable.

(IX) Remuneration to employees and directors

1. Information regarding remuneration to employees, directors and supervisors as stated in the Articles of Incorporation:
   If there is profit in the year, the Company shall appropriate remuneration to employees, directors, and supervisors in the following manner.
   I. 2 to 8% as the remuneration to employees; When contributing stock as remuneration to employees, the employees may include the employees of the subordinate company under certain conditions, and the conditions are determined by the Board of Directors.
   II. Remuneration to directors and supervisors shall not exceed 3%.
   The distribution of remuneration to employees and directors shall be approved by a majority vote of the directors at a meeting attended by at least two-thirds of the Board of Directors.
   But when the company still has accumulated losses, it should reserve an amount to offset it in advance.
   If there is a surplus at the end of the year, the Company shall first pay tax and make up for accumulated losses, and then 10% of the surplus shall be appropriated as a legal reserve. The remainder shall be paid as dividends. If there is still any surplus, the Shareholders' meeting shall resolve to distribute dividends to shareholders.
2. The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment if there is a discrepancy between the actual distributed amount and the estimated amount: The Company did not provide remuneration to employees, directors, and supervisors due to the loss in this year.
3. The distribution of remuneration approved by the Board of Directors:
   (1) Amount of remuneration to employees, directors and supervisors:

Items to be distributed	Amount (NTD)
Employee share remuneration	0
Employee cash remuneration	1,915,519
Remuneration to directors	718,320

   If there is any discrepancy between the estimated amount and the recognized expense, the discrepancy, cause and treatment shall be disclosed: No discrepancy.
   (2) The ratio of the proposed distribution of employee stock rewards to the sum of the net profit after tax and the total remuneration to employees for the current period: The remuneration to employees and directors this year is based on the net profit before tax before deducting the remuneration to employees and directors in 2023, with 8.0% of remuneration to employees and 3.0% of remuneration to employees set aside. However, if the actual distributed amount resolved in the Shareholders' meeting differs from the estimated amount, it will be recognized as an adjustment item in the profit and loss of the year of the Shareholders' meeting.

4. The actual distribution of remuneration to employees and directors in the previous year: (Unit: NTD)

Item	Remuneration to directors	Employee cash remuneration
Amount proposed by the Board of Directors on March 29, 2023	3,614,413	8,433,629
Estimates in 2022 accounts	3,614,413	8,433,629
Discrepancy	0	0
Reason and explanation of discrepancy	None	

(X) Shares repurchased by the Company:

(1) Shares repurchased by the Company (execution completed)

Repurchase date	3rd repurchase (term)
Purpose of repurchase	Shares transferred to employees
Repurchase period	2021/03/26 - 2021/05/20
Repurchase range price	13.00-19.00
Type and quantity of shares repurchased	Common stock 1,500,000 shares
Amount of shares repurchased	24,058,838
Ratio of repurchased shares to expected repurchased shares (%)	50.00%
Quantity of canceled and transferred shares	0 share
Accumulated quantity of the Company's shares held	1,500,000 shares
Ratio of the number of the Company's shares held to the total number of issued shares (%)	0.82%

II. Handling status of corporate bonds: None

III. Handling status of preferred shares: None

IV. Handling status of overseas depository receipts: None

V. Handling status of employee stock options: None

VI. Handling status of restricted employee shares: None

VII. Handling status of new shares for merger/acquisition or transfer of shares of other companies: None

VIII. Implementation status of capital utilization plan: None

Five. Operational overview

I. Business Scope

(I) Business scope

1. The main contents of the business
   （1）Processing, manufacturing, assembly, and trading of various sewing machines and their components.
   （2）Casting, processing, and trading of milling products.
   （3）Surface treatment, spraying, and baking varnish of various metal products.
   （4）Manufacturing, assembly, and trading of various transportation equipment and mechanical parts.
   （5）Casting, processing, and trading of sewing machine parts.
   （6）Distribution business of products of previous domestic and foreign manufacturers.
   （7）Import and export business of the aforementioned products.
   （8）ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
2. Current product and business proportion (consolidated)

Product name	Percentage of business in 2023
Sewing machine for thin material	58%
Sewing machine for thick material	42%
Total (Note)	100%

Note: The percentage of net sales for the year

3. The Company's current products and services

The Company manufactures and sells various industrial sewing machines, such as Overlock, 3-needle, portable and multi-needle circular sewing machines, not only to supply the domestic market, but also to export to the rest of the world. In order to help domestic and foreign distributors fully understand the functions of the Kaulin's products, and understand various troubleshooting and maintenance techniques, in order to improve distributors' sales and product maintenance capabilities, we provide domestic and foreign distributors with technical services and products from time to time each year. In addition, Kaulin also organizes product briefing sessions and technical seminars for dealers and customers in the country and overseas as needed, and visits Kaulin customers around the world on our own initiative.

4. New products planned for development
   (1) The full-featured overlock machine with the new micro-oil technology uses a carbon fiber oil seal on the upper hook structure, where it is easy to spatter oil. The needle bars are coated with DLC, and the newly designed oil seal bushing can effectively prevent lubricants from spattering while maintaining good lubricating conditions, reducing lubricant contamination on sewn products, significantly improving sewing quality and extending sewing machine service life.
   (2) Developing the ECA/ECB automatic sensor thread cutter exclusively for high-speed cylindrical hoists, which the sensor device can precisely cut the thread before and after sewing of materials. Moreover, the device automatically stops the servomotor as soon as the sewing is completed, which reduces the use of thread materials at the end of sewing and achieves energy-saving effects.
   (3) Developing a stepping and mechatronics high-speed small three-needle sewing machines. The stepping of the automatic thread trimming/presser foot lifting mechanism provides higher precision and consistency of motion. Moreover, the action of thread trimming/presser foot lifting becomes quieter. The electromechanical design integrates the electric control box and the body of the 3-needle sewing machine to be more efficient for the user when installing the machine.
   (4) Developing the SiRUBA SMS system, which integrates the functions of production line management, equipment management, real-time production progress chart, production statistics and equipment integration. Through the monitoring dashboard of the SMS production management system, the production data of each production line and the results of various data analysis can be obtained. With monitoring the status of various

equipment on the production line in real-time, problems in the production line of the garment plant can be immediately detected.

(5) Developing an electric control system of servo motor for sewing machines, and introducing green design and IOT functions to provide customers with products that are environmentally friendly and energy-saving, highly integrated in electromechanical systems, and convenient for intelligent network.

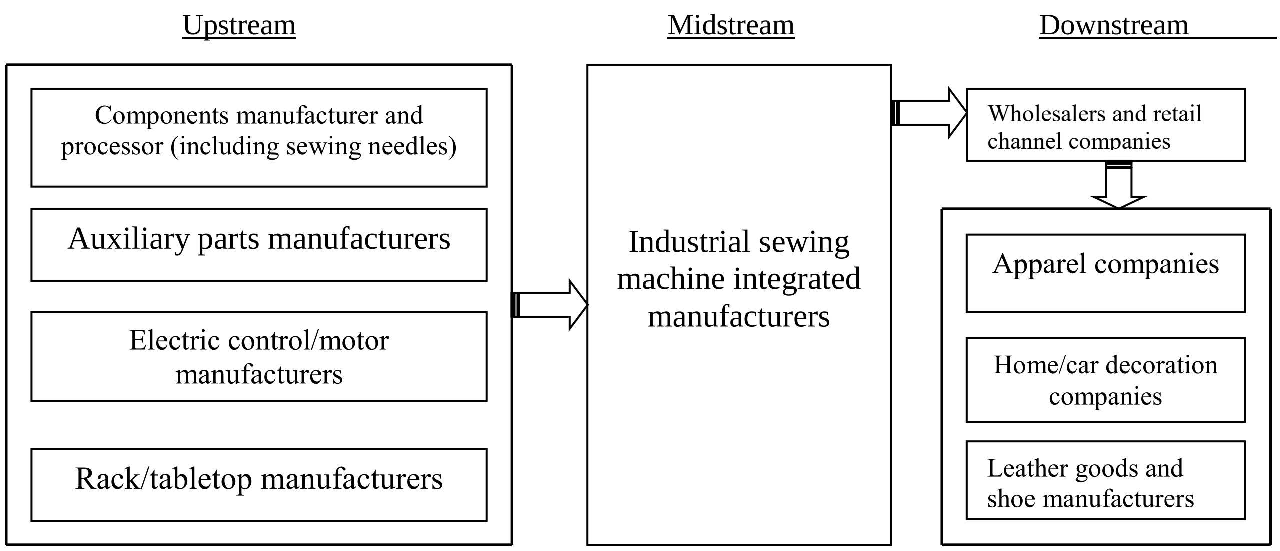
Our core competency is to provide cutting-edge garment sewing equipment for global garment manufacturers to position themselves in the market. The six core values of product R&D are "automation, intellectualization, energy saving, waste reduction, emission reduction, and recycling", and sustainable thinking is reflected in sewing machines through design. Building a more complete and high-quality industrial sewing machine product line for the industry to strengthen market competitiveness.

(II) Industry overview

1. Countries such as U.S.A., Germany and Italy that were the market leader in the industrial sewing machine manufacturing industry in the past have gradually lost their competitive advantage due to the high production cost. With the continuous investment of manpower and funds in R&D, the development of high-end new products, and the expansion of product categories under strict quality and cost control, the product competitiveness has been continuously improved. Kaulin has been considered the main competitor of products made in Japan and Germany. At present, Kaulin is expected to further increase its market share in the markets of Southeast Asia, South Asia, the Middle East, Europe, North Africa, and Central and South America due to the expansion of sales locations and the strengthening of product marketing strategies. As we are building a positive image, Kaulin has become a world-renowned brand in the industry.

2. Interrelations between upstream, midstream and downstream of the industry

The correlation among the upstream, midstream and downstream of the industrial sewing machine industry is shown in the figure below:



3. Product development trends

To satisfy the needs of our customers, we need to increase product diversity in order to secure market share. Moreover, while increasing the output, we need to reduce the manufacturing cost to be able to compete in the market. The development of new models is still the pursuit in the future. The diversification of sewing types, fabrics, accessories, and threads with different characteristics and thickness necessitates the development of other functional models to meet the needs of customers. Therefore, in recent years, electronically controlled industrial sewing machines have been introduced, and the self-production of electronically controlled motors has been conducted. The development of electronic control system for motors will be one of the important momentums for the Company's future development.

The electronically controlled industrial sewing machine will be able to improve our self-design ability, accumulate design technology and human resources, and avoid the challenge of foreign technology acquisition. We make good use of the model of the cross-strait division of labor, which can reduce production costs, improve the level of product automation and added value, and save energy and labor. We believe that the sales competition in the global market will be positive.

Kaulin was established five decades ago in 1965. We always adhere to the ideal of “Honesty, Professionalism, Innovation”. Over the years, our products reach places in Taiwan and overseas, receiving clients’ recognition, trust, and love. Currently, we are the biggest manufacturer of industrial sewing machines in the country, whose products have been recognized with Taiwan Excellence Award, Taiwan Excellent Brand Award given by Taiwan External Trade Development Council, and Taiwan Top-100 Brand Award. Kaulin will progress with time, proactively developing new products to satisfy clients’ needs and improve the reputation and image of the Company.

4. Competition

The consideration of demand focusing on professional technology in the past has gradually become the price-focused demand mode. Moreover, the rise of domestic brands in Mainland China has invested tremendously in manufacturing, and the supply of industrial sewing machines has gradually exceeded the demand. Currently, the competition basis of the red ocean market includes prices and payment terms, which is easy to fall into. In view of this change, we will focus more on the professional improvement of R&D and mass production technologies, and at the same time strengthen the pre-sales, during-sales and after-sales services for global customers, and face the competitive pressure in the industry with a value-added business model. In addition, the expansion of distribution channels, the ability to integrate components and accessories suppliers, and the rapidly changing market are also the directions we consider.

(III) Technology and R&D overview

1. R&D expenditure (consolidated) in the last 2 years

Unit: In thousands of NTD

Year	R&D expenditures	As a percentage of total revenue
2022	45,465	1.84%
2023	39,748	2.80%
As of March 31, 2024	9,745	2.63%

2. R&D achievements in the last two years

Year	R&D achievements
2022	1. Mass production of the 700LQ VTE/CTE full-featured mechatronics overlock machine 2. Mass production of the 700L/BKF1 full-automatic thread-wrapping overlock machine 3. Mass production of C007LX/ICS/CAF three-needle intelligent thread passing system 4. Mass production of the servo motor control system for ST-600W 3-needle sewing machines. 5. LBHS-1790L electronic flat seam buttonhole machine is under development 6. LKS-1900L/1903L electronic bar tacking/button sewing machine is under development 7.700LQT stepping full-function electromechanical overlock machine is under development 8.C007LQT stepping full-function electromechanical 3-needle machine is under development 9. Research and development of the mechanical structure and control system of the overlock thread tension is underway 10. Patent application for 3 sewing machine-related inventions and 4 new designs for the year
2023	1. Mass production of 700LQT stepping full-function electromechanical overlock machine 2. Mass production of C007LQT stepping full-function electromechanical 3-needle machine 3. Mass production of C007LQ pneumatic/electrical full-function electromechanical 3-needle machine model 4. Mass production of C007L/CFC 3-needle elastic band sewing machine 5. Mass production of C007L/CAH servo motor control system of 3-needle sewing machine 6. 700LM micro-oil overlock model is under development 7. D007L 4-needle 6-thread model is under development 8. LBHS-1790L electronic flat seam buttonhole machine is under development 9. LKS-1900L/1903L electronic bar tacking/button sewing machine is under development 10. S007K/SCR three-needle machine with right-hand knife is under development 11. Patent application for 3 sewing machine-related inventions and 6 new designs for the year

3. Future R&D plans

(1) Direct drive and micro-oil design: Direct drive can improve the efficiency and precision of sewing machines, while reducing machine vibration and noise. The micro-oil design allows sewing machines to be added with trace amounts of lubricant to reduce friction and wear of parts while reducing environmental pollution. Both designs enhance the added value and brand image of sewing machines.

(2) Green design: We uphold the concept of sustainable development and continue to promote green product design. The green design of sewing machines includes many aspects, such as materials and production process, in order to reduce the impact on the environment and improve product recyclability .

(3) Automation design: We continue to invest in the research of semi-automatic/fully automatic product design, so that the sewing machine can automatically adjust according to different sewing requirements, ensure the consistency of product quality and sewing stability, and provide customers with better quality and more reliable sewing machine equipment.

(4) Development of SMS production management system: Through the promotion of intelligent and digital IOT sewing equipment, we help manufacturers create digital production records. With the SMS database data sharing function, garment factories can achieve more digital production and quality management.

(5) Development of sewing machine servo electric control system: The highly integrated electric control system and sewing machine provide a high-efficiency, low energy consumption, flexible setting interface equipped with IOT function to realize intelligent, digital, and step-by-step product development for sewing machines, which improves sewing productivity and product quality.

(IV) Long-term and short-term business development plans

Please explain the future short-term, mid-term, and long-term business development plans in terms of marketing strategy and product development direction:

Business development	Short-term (2024) plan	Mid-term and long-term plans
Marketing strategy	1. Providing customers with a full range of information, technology and value-added services. 2. Strengthening the communication mechanism for the upstream, midstream and downstream markets, continuing to develop the domestic, Chinese and overseas markets, and expanding market share. 3. Promoting technology development, service and product application promotion, and assisting local agents to develop channels.	1. Striving to reduce production costs and assist downstream vendors to enhance their competitiveness in order to achieve the goal of profit sharing. 2. Seeking technical and market cooperation for electric control equipment such as motors.
Product development direction	1. Continuing to achieve the goal of stable supply and improvement of product quality. 2. Shortening the cycle from ordering to delivery, improving advantages to compete, and replacing vicious price competition by improving services. 3. The products are direct-driven and mechatronics, and the self-made engineering of electronically controlled motors is carried out to increase the cost-effectiveness of products. 4. Adding automated and customized high-end models.	1. Looking for partners to support the development of new products. 2. Improving product power and profitability with differentiation and relative cost advantages. 3. Meeting customers' complete requirement in one purchase.

II. An overview of the market, production and sales

(I) Market analysis

With more than 50 years of experience in the manufacturing and sales of industrial sewing machines and international expansion efforts, the Company has been able to satisfy the diverse needs of domestic and foreign apparel manufacturers and distributors for products and services. Currently, Kaulin continues to develop international distribution channels in Asia, the Americas, Africa, Europe, the Middle East and other regions. Our products are sold in more than 80 countries and regions. In 2023, the Group's consolidated domestic sales ratio was approximately 26%, and the export sales ratio was approximately 74%.

1. Market share, future supply and demand in the market, and growth

Kaulin is a leading manufacturer of industrial sewing machines, and sell them to more than 80 countries around the world under its self-owned brand, SiRUBA. In terms of group revenue, our sales ratio in Central and South America is about 24%, that of in Asia is about 50%, and EMEA is 26%. The average global market share is about 2-3%.

In 2023, the world's industrial sewing machine production value is about USD 4 billion, while the global industrial sewing machine demand is about 8 million units. In 2023, emerging countries will continue to be the main manufacturing bases for the apparel industry and export to Europe and the United States. Therefore, the Company's products and equipment are mainly sold to developing and emerging countries such as China, India, Vietnam, Cambodia, and Central and South America. However, the actual demand for apparel still comes from developed countries in Europe and the Americas.

2. Competitive niche, favorable and unfavorable factors for future development, and countermeasures

(1) Favorable factors:

a. Kaulin was established five decades ago in 1965. We have rich experience in manufacturing industrial sewing machines and has complete independent design and production technologies. Currently, we are the largest industrial sewing machine manufacturer in Taiwan.

b. We market with the Company's own brand "SiRUBA" and adopt a product portfolio strategy of multiple models and multiple series to cooperate with overall sales and actively expand the market.

c. With our professional sales experience and international expansion efforts, Kaulin has established a comprehensive global marketing network reaching more than 80 countries and regions.

d. We actively update automated production equipment and rationalizing the improvement of production processes.

e. The main goal is to increase the sewing function of products to meet customer needs, and to improve the existing shortcomings in products on the market to achieve high cost-effectiveness, and to demonstrate competitiveness in the fierce global competition environment.

f. With economic development, the improvement of living quality and the increasing world population, the basic industries, such as apparel, also flourished, and the orders for related markets increased.

g. Important quality certifications have been obtained, such as ISO-9000 quality certification, CE mark, National Quality Award and Taiwan Excellent Brand Award. Additionally, "SiRUBA" products, our own brand, have been recognized by the international market and have established a considerable reputation.

h. Establishing marketing and logistics bases in all major market areas to accelerate the speed of supply and service, which will be of great help in improving business performance.

(2) Unfavorable factors and countermeasures:

a. The world's leading industrial sewing machine manufacturers have gone to China for investment or technical cooperation, in order to improve their competitive advantage with the low cost of raw materials and labor. The competition in the foreign market is getting fiercer.

Countermeasure: Continuing to strengthen R&D technology and develop new products with high efficiency, high quality and multiple models to differentiate the market.

b. The R&D capability of key components and technologies related to the cooperating suppliers are still insufficient with a shortage of labor and insufficient funds. The quality and technology undertaking related to new components and products cannot meet the needs of the central plant.

Countermeasure: Setting up an assisting unit to help the suppliers in processing methods, route arrangements, quality control systems, testing methods, production technology, and R&D capabilities, so that they can synchronize with the standards of the central plants.

c. The market competition has gradually shifted from the professional technical ability to the price-based form. In addition to professional technical requirements for products and components, customers are also in extreme competition on price.

Countermeasures: Committing to various cost improvements and operation analysis and strengthening investment in automation equipment in order to reduce costs and enhance competitiveness.

d. The vast population and market in China have a huge demand for basic industries such as textile and clothing. In addition, countries around the world have successively invested in the establishment of factories and technical cooperation in China, which has greatly improved their production and manufacturing capabilities with the competitive advantages of low cost of raw materials and labor.

Countermeasure: Re-investing in Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd. through the subsidiary SiRUBA Investments Singapore, and further increasing the global market share with the advanced R&D, production technology and operation models.

e. The rise of Chinese brands increases the market share due to the gradual improvement of quality.

Countermeasure: Intensifying technical support and new product development based on the quality requirements of the Japanese companies, and seeking the most cost-effective options to crack down the low-price aggression of the Chinese companies.

f. The cost of raw materials, fuel and power rises, but the increase in selling price is relatively low.

Countermeasure: Strengthening automated production equipment, improving production efficiency, and reducing average manufacturing costs.

(II) Outlook and forecast for 2024:

Compared with 2023, whether the global economic growth in 2024 will revive from the downturn in 2023 depends the recovery of the main markets such as Europe and the Americas, and the end of the destocking trend in other markets.

For key countries with relatively low wages and foreign investment, such as Indonesia, Vietnam, Cambodia, India, Pakistan, Bangladesh and other countries in Southeast Asia and South Asia, we will strengthen the implementation of marketing activities, channel management and technical services to increase market share. This in turn promotes the growth of sales amount. In addition, market demand in Central and South America, Africa and the Middle East is expected to be consistent with that of last year. As a whole, the market is expected to recover in the second half of the year and achieve the performance target in 2024.

(III) Important uses of the main products and production processes

1. Important purposes

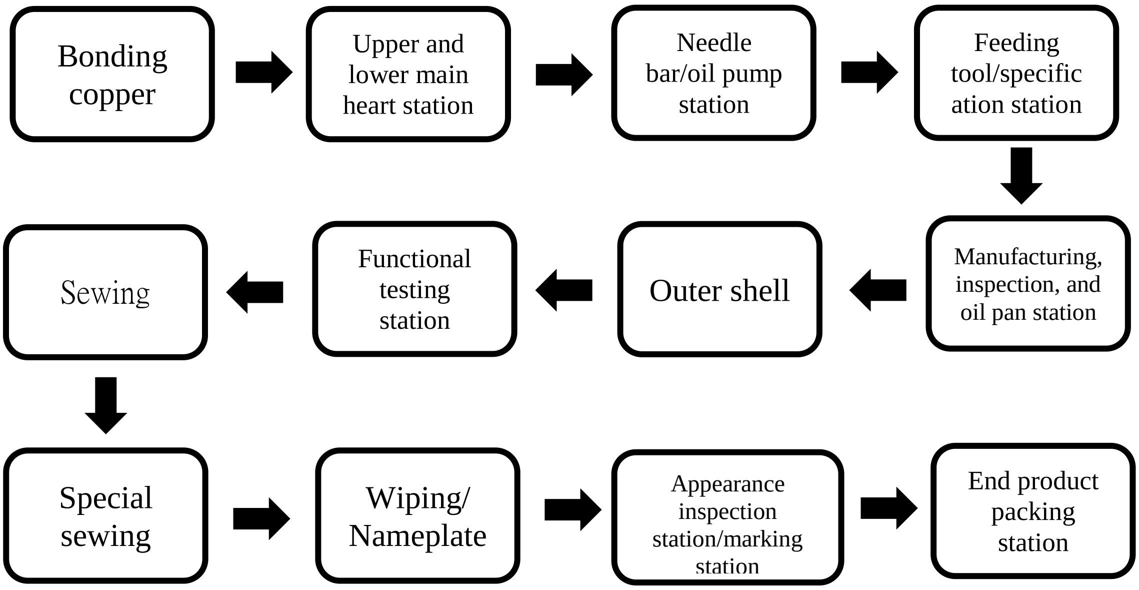
Main products	Purpose
Portable bag sewing machine	Suitable for sewing up the bag mouth of various materials, such as paper bags, burlap bags, flour bags, plastic bags, and sand bags.
Super high speed straight needle seam sewing machine (Commonly known as overlock machine)	Suitable for hemming and sewing of various types of clothes. The sewing machine can be equipped with auxiliary mechanisms to achieve various special sewing functions such as hem, thread end covering, pleating, shoulder strap covering, sewing of elastic band, piping, and hemming bag mouths.
Multi-needle circular sewing machine (Commonly known as three-needle machine)	Suitable for sewing the shirt cuff opening, pant leg opening, waist elastic ban and lace decorations of various sportswear, underwear and casual wear.
Multi-needle double-chain circular sewing machine	Suitable for sewing and decorative seams, such as trouser elastic bands or folding line decoration for shirts.

Main products	Purpose
(Commonly known as 4-needle/12-needle sewing machine)	
One-needle lockstitch sewing machine	Suitable for sewing thin to thick fabrics.
Button-hole, snap button and bartack machine	Suitable for sewing buttonholes and buttons of general apparel.
Twin-needle sewing machine	Suitable for sewing all types of pockets.
4-needle and 6-thread sewing machine	Suitable for seaming of light and elastic fabrics.
Automatic integration machine	Suitable for various special operation requirements.
Auxiliary equipment for each model	Suitable for various special operation requirements.
Domestic sewing machine	Suitable for sewing various delicate patterns or general sewing.

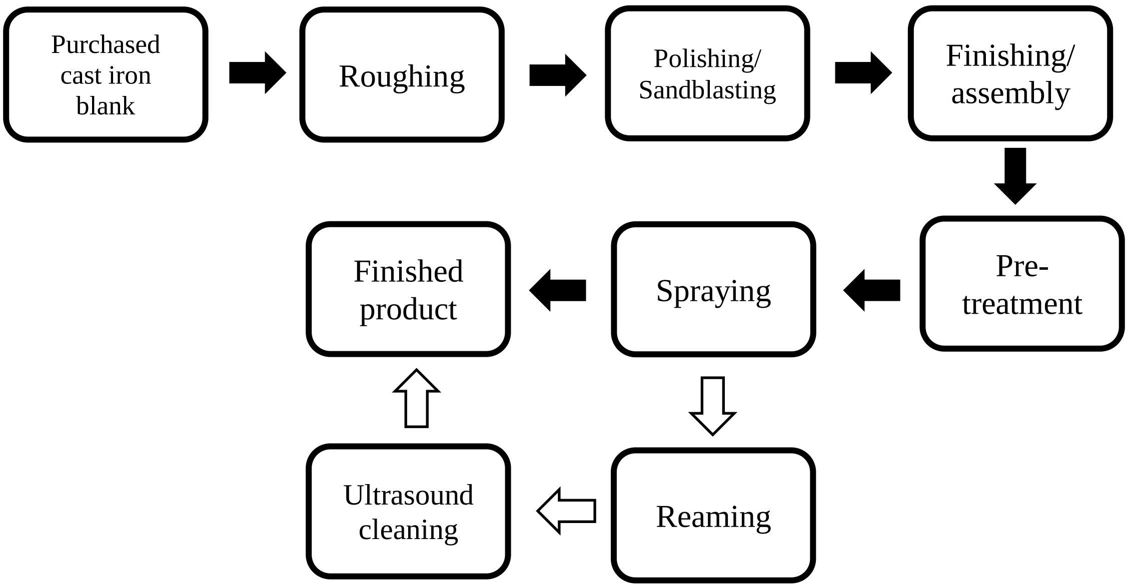
2. Production process

1.1.1 Main production process:

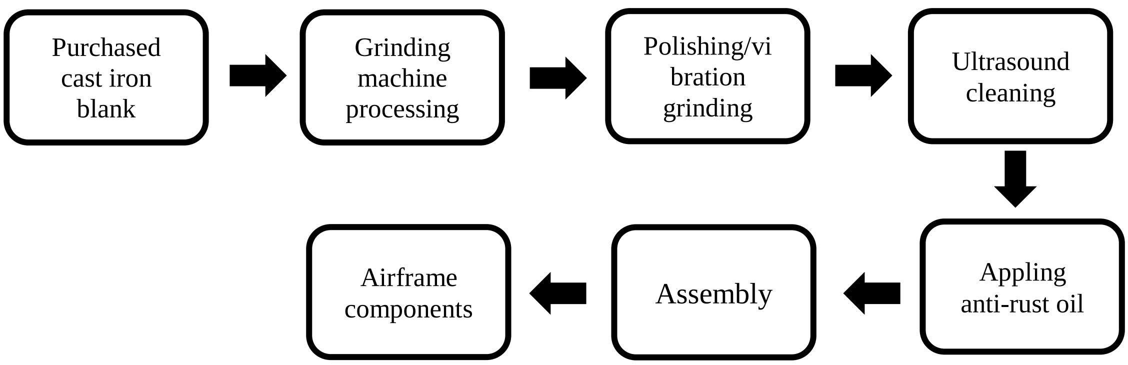
(1) Assembly process



(2) Machining process



(3) Component processing process



(III)Supply of main raw materials

Main raw materials	Source of supply	Status of supply
Motor, electric control box	QXL Company, SPL Company	1. The Company purchases from domestic and foreign suppliers by contract and from stock to ensure that the quality of raw materials is good and the supply is stable while taking into account the cost and stability. 2. We have two or more suppliers for each major raw material to diversify risks and ensure stable supply. 3. Local supply to ensure immediate supply and stock preparation
Vehicle shell	KS Company, TSL Company, etc.	
Bearing	RB Company, DPL Company	
Cover, connecting rod	HNL Company, JX Company	
Accessories case	ZJ Company, JDL Company	
Oil pan	HNL Company, ZL Company	

(V) Customers who have accounted for more than 10% of total purchases (sales) in any of the last two years, and the reasons for the changes:

(1) Information on major suppliers in the most recent 2 years (consolidated)

Unit: NTD thousand

	2022				2023				As of the last quarter of 2024 (Note 2)			
Item	Name	Amount	Ratio to net purchase of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio to net purchase of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio to net purchase amount of the current year up to the previous quarter (%)	Relationship with the issuer
1	BY Company	227,150	14	None	BY Company	177,420	24	None	BY Company	40,033	21	None
2	Other	1,442,536	86	None	Other	548,564	76	None	Other	152,127	79	None
	Net purchase	1,669,685	100		Net purchase	725,984	100		Net purchase	192,160	100	

Note 1: List the names of suppliers accounting for more than 10% of the total purchases in the last two years, and the amount and proportion of purchases. However, due to the contractual agreement specifying not to disclose the name of the supplier or the counterparty of an individual and not a related party, a code may be used.
Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

(2) Information on major clients in the most recent two years (consolidated)

Unit: NTD thousand

	2022				2023				As of the last quarter of 2024 (Note 2)			
Item	Name	Amount	Ratio to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio to net sales of the whole year (%)	Relationship with the issuer
1	A	503,234	20	None	B	198,018	14	None	D	75,437	20	None
2	B	322,471	13	None	C	168,287	12	None	C	44,462	12	None
3	Other	1,645,351	67	None	Other	1,645,351	74	None	Other	251,232	68	None
	Net sales	2,471,056	100		Net sales	1,428,221	100		Net sales	371,131	100	

Note 1: List the names of clients accounting for more than 10% of the total purchases in the last two years, and the amount and proportion of purchases. However, due to the contractual agreement specifying not to disclose the name of the client or the counterparty of an individual and not a related party, a code may be used.
Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

(3) Reason for changes in major suppliers (consolidated): None

(4) Reasons for changes in major clients (consolidated):

Unit: NTD thousand

Customer name	2022		2023		Increase (decrease) change	
	Amount	% (Note)	Amount	% (Note)	Amount	Cause
A	503,234	20%	38,139	3%	(465,095)	OEM cooperation was terminated in 2023.
B	322,471	13%	198,018	14%	(124,453)	The overall market economy declined in 2023.

Note: The percentage of net sales for the year

(VI) Table of production volume and value for the most recent two years (consolidated)

Quantity: set. Value: NTD thousand

Year and production quantity and amount / Main product	2022			2023		
	Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Sewing machine for thin material	300,000	125,854	2,470,065	300,000	59,105	1,168,090
Total	300,000	125,854	2,470,065	300,000	59,105	1,168,090

(VII) Table of sales volume and value for the most recent two years (consolidated)

Quantity: set. Value: NTD thousand

Year and sales quantity and amount / Main product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Sales volume	Sale value	Sales volume	Sale value	Sales volume	Sale value	Sales volume	Sale value
Sewing machine for thin material	1,462	29,927	104,710	1,741,183	1,347	22,639	43,832	805,826
Sewing machine for thick material	0	25,061	0	674,885	0	21,480	0	578,276
Total	1,462	54,988	104,710	2,416,068	1,347	44,119	43,832	1,384,102

III. Employees (consolidated)

Information on employees in the most recent two years and up to the publication date of the Annual Report

Year			2022	2023	2024 to March 31
Number of employees	Number of employees at the beginning of period		829	594	470
	Increase or decrease in the current period	New employees	493	41	26
		Resigned employees	715	198	45
		Retirement or lay-off	13	24	3
	Number of employees at the end of the period		594	470	477
Average age			37.94	40.33	39.72
Average years of service			8.25	10.18	9.90
Education distribution ratio (%)		Doctorate	0%	0%	0%
		Master	3%	4%	4%
		University	27%	32%	31%
		Senior high school	37%	43%	41%
		Below high school	32%	21%	24%
		Total	100%	100%	100%

IV. Environmental protection expenditure

(I) In accordance with the laws and regulations

1. A pollution facility design permit or a pollution discharge permit shall be applied for. The application status: Based on the characteristics of the Company's products, there is no environmental pollution that requires application of a pollution facility design permit or a pollution discharge permit.
2. Payment status of pollution prevention and control fees: None.
3. If a dedicated environmental protection unit is established, the establishment status: None.

(II) The Company's investment in major equipment for environmental pollution prevention and control, as well as its intended use and possible benefits: None.

(III) The process of improving environmental pollution in the most recent two years and up to the publication date of the Annual Report:
In response to the implementation of the European Union's Restriction of Hazardous Substances Directive (ROHS), the Company's products have reached the goal of all green since July 2007, and new models developed in the future will also be fully ROHS-compliant.

(IV) The total amount of loss (including compensation) and punishment resulted from polluting the environment in the most recent year and up to the date of publication of the Annual Report: None.

(V) The current pollution situation and its improvement on the Company's earnings, competitive position and the impact on capital expenditures, and the estimated major environmental protection capital expenditures for the next two years: None.

V. Labor relations

(I) The Company's various employee welfare measures, further education, training, retirement systems and their implementation, and the status of labor-management agreements and various measures to protect the rights and interests of employees:

1. Employee benefits

(1) To build a friendly working environment for the employees, we have established regulations for subsidies for childbirths, weddings, funerals and bonuses for major festivals. The plant is equipped with a dormitory cafeteria, and canteen. Uniforms and safety shoes are also provided.

The Company has established an Employee Welfare Committee that handles the following welfare measures:

(A) Travel subsidy	(B) Birthday cash gifts
(C) Wedding cash gifts	(D) Maternity subsidy
(E) Hospitalization subsidy	(F) Death subsidy
(G) Children's scholarship	(H) Birthday recreational parties and other benefits

(2) All employees are included in labor and health insurance in accordance with the regulations, and can have the labor insurance benefits and medical care.

(3) Regular health checkups for all employees

2. Employee education and training

The Company has regulations on education and training, and prepares a budget every year to provide employees with pre-employment training and on-the-job training seminars. By doing these, we maintain the foundation of the Company's sustainable operation and development. Pre-employment training helps new recruits understand the Company's business ideal, organizational rules and regulations, work environment, and personal rights and obligations. On the other hand, existing employees receive internal education and training, professional training, or off-site training, depending on the needs of their work, in order to improve the quality of human resources and development advantages. In 2023, 1,935 employees were actually trained, and a total of NTD 279,182 was spent on training.

3. Retirement system and its implementation

In order to stabilize the life of employees after retirement, Kaulin has stipulated the regulations on labor retirement in accordance with the law, and established the Labor Retirement Pension Reserve Supervisory Committee. The monthly pension reserve is regularly allocated at the rate of 2% of the total salary expenses and deposited in the dedicated accounts at Central Trust of China to protect labor rights. Since July 1, 2005, we have adopted the new retirement system of the government concurrently. 6% of the total salary income is appropriated into employees' individual retirement pension accounts. For those who have voluntary contributions, a part of the monthly salary is withheld to the dedicated personal pension accounts at Labor Insurance Bureau on behalf of the individual based on the voluntary appropriation rate.

The Company's requirements applicable under the Labor Pension Act are as follows:

(1) Voluntary retirement: A worker who meets any of the following circumstances may apply for voluntary retirement: (For employees who have opted for the Labor Pension Act, the same Act shall apply)

①Aged 55 or above with at least 15 years of service.

②Having worked for more than 25 years.

③Aged 60 or above with at least 10 years of service.

(2) Compulsory retirement: The Company shall not force an employee to retire unless they fall into any of the following circumstances:

①Aged 65 or above.

②With mental or physical disability that is deemed unfit to work.

The Company may apply to the central competent authority for approval and adjustment of the age specified in Subparagraph 1 of the preceding paragraph. However, they must not be younger than 55 years old.

(3) Standards for pension payment:

①For those who choose to continue to apply the pension regulations of the "Labor Standards Act" under the Labor Pension Act, or to retain the seniority before and after the application of the Labor Pension Act, the retirement pension payment standard shall be based on Article 84-2 and 55 of Labor Standards Act.

②For employees who meet the seniority in the preceding paragraph, and are subject to mandatory retirement in accordance with Subparagraph 2, Paragraph 1, Article 35, if their mental or physical disability is resulted from performing duties, 20% of pension will be given according to the Subparagraph 2, Paragraph 1, Article 55 of Labor Standards Act.

③For employees eligible for retirement pension under the Labor Pension Act, the Company contributes an amount equivalent to 6% of the monthly salary to the individual labor retirement pension account.

(4) Retirement pension payment: The retirement pension payable by the Company to the employees shall be paid within 30 days from the date of retirement.

4. Employee stock ownership trust:

In terms of the labor retirement system, Kaulin regularly contributes reserves to the statutory retirement account in accordance with the Labor Standards Act and the Labor Pension Act, and establishes the Shareholding Trust Committee. Employees who have served for a year may decide the monthly contribution amount to purchase the Company's shares at regular intervals, and set aside 100% of the monthly contribution amount as reward for shareholding.

5. Labor-management agreements and measures to protect employees' rights

All operations of the Company comply with the Labor Standards Act. We have an employee suggestion box to collect opinions and accept complaints from the employees as a reference for the Company's various improvement measures. In accordance with the Regulations for Implementing Labor-Management Meeting, labor-management meetings are held regularly for communication and coordination between labor and management. Welfare measures are also made effective to promote harmonious labor-management relations and eliminate the possibility of labor disputes.

6. Other important agreements: None.

(II) Disclose the estimated losses due to labor disputes in the most recent year and up to the date of publication of the Annual Report, and the countermeasures: None.

VI. Cybersecurity management:

1. Information security organization

The Company has established an information security team, with the Head of the General Administration as the convener, responsible for information security risk management and the supervision and review of information security goals and performance. The Head of the IT Department serves as the Director General, responsible for the planning and execution of all information security management, and report the actual results of cybersecurity target performance to the convener through the meeting. Representatives of various units acting as committee members and are responsible for assisting the Director General in the implementation of information security.

2. Information security policy

To implement and strengthen information security management, we ensure the confidentiality, integrity, availability, and legality of data, systems, equipment, networks, and related information assets. Moreover, we comply with relevant laws, regulations, and contractual requirements to protect them from suffering internal or external intentional or accidental threats. All staff working together to achieve the following policy and goals:

- Ensuring the confidentiality and integrity of information assets.
- Ensuring the data access is regulated according to the department's functions.
- Ensuring the continuous operation of the information system.
- Preventing unauthorized modification or use of data and systems.
- Performing information security audits to ensure the implementation of information security on a regular basis.
- A remote backup has been established based on the risk level to ensure information security for the Company’s information system.
- With the diversification of network applications, we continue to enhance our security defense capabilities to prevent information security threats.

3. Information security policy

The IT department of Kaulin is responsible for the Company's overall information security business. The IT department is responsible for formulating information security policies, planning and implementing information security protection and the promotion and implementation of the policies. Kaulin takes various information security protection measures to prevent internal and external information security threats and to enhance the security of the overall information environment.

- User access management: Users need to be given different access according to their security levels.

- Security management of operating system access: Operating systems are installed in accordance with the Company's regulations, and added to the Company's network domain for centralized management. The operating system is regularly updated. Moreover, anti-virus software is installed on the mainframes and computers of the Company, and the scan engine and virus pattern are automatically downloaded and updated daily. Regular password renew for user accounts.
- Application software security management: In addition to the application software, tool software, and package software required for information operations, the installation of other special software shall be subject to a separate application for approval before installation.
- Prohibited software and website filtering mechanisms are set in the firewall to block access to avoid affecting network quality and security.
- Network communication security management: External VPN (remote) access and internal access (file transfer (FTP), instant communication (LINE), special connection (HTTPS) and other network applications are subject to the review and authorization by the IT unit and the responsible Head for use.
- Application system security management: The access and updating of the original program code shall be limited to the authorized processing personnel of the information unit. Authorization for different program execution shall be set for the user according to the business requirements.
- Remote backup management: Measures related to system disaster recovery and database backup management have been established.
- Asset management: The asset numbering management and regular inventory of equipment room and personal computers are carried out.
- Promoting information regarding information security at all times to enhance employees' awareness.

2023 Achievements:

✧ No major information security incidents occurred in 2023.

✧ The 2023 information security audit has been completed with no non-compliance found. The audit results show that the information security protection capability and implementation are controlled and complete.

2023 information security performance (expense: NTD thousand)				
Item no.	**Information security work items**	**Description**	**Expense**	**Remark**
1	Managed Detection and Response information security system	Immediate detection service for deliberate threats	140	
2	Web vulnerability scanner	Web vulnerability scanning	40	
3	Host computer vulnerability scanner	Server vulnerability scanning	32	
4	Social engineering drill	Employees' email phishing letter drill and information security training	90	A total of 246 people from the Group participated
5	Information security insurance	Tokio Marine Newa Insurance Co., Ltd.	134	
6	Openfind Email SPAM Filtering	Email Server Spam Protection Mechanism	105	
7	Mail link to open Openfind Mail protection	Email link filtering protection		

8	Comodo AEP Endpoint Security and Management	Comodo ITSM Server centralized management system Next-generation endpoint security: Firewall, anti-virus, intrusion detection and prevention	400	
9	Comodo personal mail certificate	E-mail signing certificate authentication that verifies the message sender and prevents spoofing	22.5	
10	Compdo website protection	Comodo website security management service (WAF+DDoS+SOC)	113	
11	SSL certificate for the Company's website (official website/e-commerce)	Encryption to protect the information and data transmitted within the website or between websites	20	
12	Oracle ERP upgrade program (over 3 years) & purchase of hyper-converged ERP host computer	Replacement of old IE browser Adding SSL certificate to increase data security Enhancement of the backup mechanism to improve the data recovery and response capabilities.	5,019	
Total			6,115.5	

VII. Important contracts: None

Six. Financial overview

I. Statement of financial position and statements of comprehensive income for the last 5 years, with names of CPAs and their audit opinions

(I) Condensed balance sheet and statement of comprehensive income

Condensed Balance Sheet - Consolidated   Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years 2019	2020	2021	2022	2023	2024 Q1 (Note 3)
Current assets		2,858,258	2,977,937	3,477,671	3,254,355	2,942,394	3,034,764
Property, plant and equipment		1,080,379	1,046,785	994,249	974,119	873,891	875,099
Intangible assets		11,713	8,378	5,105	7,878	7,996	7,570
Other assets (Note 5)		424,466	391,394	405,998	373,854	343,410	348,585
Total assets (Note 5)		4,374,816	4,424,494	4,883,023	4,610,206	4,167,691	4,266,018
Current liabilities	Before distribution	356,049	618,118	947,636	645,845	369,310	383,127
	After distribution	448,553	655,120	984,358	773,321	Not yet distributed	Not yet distributed
Non-current liabilities		377,000	266,281	287,896	222,079	211,030	221,887
Total liabilities	Before distribution	733,049	884,399	1,235,532	867,924	580,340	605,014
	After distribution	825,553	921,401	1,272,254	995,400	Not yet distributed	Not yet distributed
Equity attributable to owners of the parent company (Note 5)		3,641,767	3,540,095	3,647,491	3,742,282	3,587,351	3,661,004
Share capital		1,850,081	1,836,081	1,836,081	1,836,081	1,836,081	1,836,081
Capital reserve (Note 5)		200,248	199,595	199,595	199,599	199,653	199,653
Retained earnings	Before distribution	1,795,444	1,703,712	1,837,926	1,895,969	1,728,288	1,741,062
	After distribution	1,702,940	1,666,710	1,801,204	1,768,493	Not yet distributed	Not yet distributed
Other equity		-204,006	-199,293	-202,052	-165,308	-152,612	-91,733
Treasury shares		0	0	-24,059	-24,059	-24,059	-24,059
Total equity (Note 5)	Before distribution	3,641,767	3,540,095	3,647,491	3,742,282	3,587,351	3,661,004
	After distribution	3,549,263	3,503,093	3,610,769	3,614,806	Not yet distributed	Not yet distributed

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement of the last five years shall be compiled.

*If the financial information using IFRS is less than five years, the financial information in the following table (2) shall be compiled separately.

Note 1: Years that have not been audited by CPAs shall be specified.

Note 2: For assets that have undergone asset revaluation in the current year, the date of such revaluation and the amount after revaluation shall be stated.

Note 3: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

Note 4: The above-mentioned figures after distribution shall be filled in according to the resolution of the Board of Directors or Shareholders' meeting of the following year.

Note 5: If the financial information shall be corrected or restated by the competent authority upon its own initiative, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated: None.

Condensed Balance Sheet - Parent company only Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years					2024 Q1
		2019	2020	2021	2022	2023	(Note 3)
Current assets		1,434,397	1,371,537	1,689,133	1,847,308	1,360,005	Not applicable
Property, plant and equipment		720,326	703,978	693,385	677,961	667,449	Not applicable
Intangible assets		9,444	6,467	3,758	4,642	5,364	Not applicable
Other assets (Note 5)		2,279,644	2,253,109	2,379,080	2,068,371	2,108,773	Not applicable
Total assets (Note 5)		4,443,811	4,335,091	4,765,356	4,598,282	4,141,591	Not applicable
Current liabilities	Before distribution	425,044	528,715	830,392	633,983	343,211	Not applicable
	After distribution	517,548	565,717	867,114	761,459	Not yet distributed	Not applicable
Non-current liabilities		377,000	266,281	287,473	222,017	211,029	Not applicable
Total liabilities	Before distribution	802,044	794,996	1,117,865	856,000	554,240	Not applicable
	After distribution	894,548	831,998	1,154,587	983,476	Not yet distributed	Not applicable
Equity attributable to owners of the parent company		3,641,767	3,540,095	3,647,491	3,742,282	3,587,351	Not applicable
Share capital		1,850,081	1,836,081	1,836,081	1,836,081	1,836,081	Not applicable
Capital reserve (Note 5)		200,248	199,595	199,595	199,599	199,653	Not applicable
Retained earnings	Before distribution	1,795,444	1,703,712	1,837,926	1,895,969	1,728,288	Not applicable
	After distribution	1,702,940	1,666,710	1,801,204	1,768,493	Not yet distributed	Not applicable
Other equity		-204,006	-199,293	-202,052	-165,308	-152,612	Not applicable
Treasury shares		0	0	-24,059	-24,059	-24,059	Not applicable
Total equity (Note 5)	Before distribution	3,641,767	3,540,095	3,647,491	3,742,282	3,587,351	Not applicable
	After distribution	3,549,263	3,503,093	3,610,769	3,614,806	Not yet distributed	Not applicable

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement of the last five years shall be compiled.

*If the financial information using IFRS is less than five years, the financial information in the following table (2) shall be compiled separately.

Note 1: Years that have not been audited by CPAs shall be specified.

Note 2: For assets that have undergone asset revaluation in the current year, the date of such revaluation and the amount after revaluation shall be stated.

Note 3: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

Note 4: The above-mentioned figures after distribution shall be filled in according to the resolution of the Shareholders' meeting of the following year.

Note 5: If the financial information shall be corrected or restated by the competent authority upon its own initiative, the corrected or restated figures shall be presented, and the circumstances and reasons shall be indicated: None.

Condensed Statement of Comprehensive Income - Consolidated

Unit: Thousand, apart from NTD for earnings per share

Item \ Year	Financial information for the most recent 5 years						2024 Q1 (Note 2)
	2019	2020	2021	2022	2022 (Note 5)	2023	
Operating revenue	2,170,104	1,609,928	2,946,998	2,471,056	2,101,782	1,420,562	371,131
Gross profit	351,832	200,885	530,983	444,555	405,710	203,245	63,678
Operating income	18,597	-79,996	215,879	96,228	94,578	-105,318	-26,821
Non-operating income and expense	24,348	11,521	27,100	163,150	164,823	63,446	46,751
Net profit before tax	42,945	-68,475	242,979	259,378	259,401	-41,872	19,930
Profit or loss from continuing operations	29,719	-55,089	171,455	186,461	186,398	-49,409	16,737
Profit (loss) from discontinued operations	0	0	0	0	63	63,434	-3,963
Net income (loss) for the period	29,719	-55,089	171,455	186,461	186,461	14,025	12,773
Other comprehensive income for the period (net amount after tax)	-73,231	6,908	-3,279	35,802	35,802	-23,323	60,879
Total comprehensive income for the period	-43,512	-48,181	168,176	222,263	222,263	-9,298	73,653
Net profit attributable to the owners of the parent company	29,719	-55,089	171,455	186,461	186,461	14,025	12,774
Net income attributable to non-controlling interests	0	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	-43,512	-48,181	168,176	222,263	222,263	-9,298	73,654
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0	0
Earnings per share (Note 2)	0.16	-0.30	0.94	1.02	1.02	0.08	0.07

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement of the last five years shall be compiled.

*If the financial information using IFRS is less than five years, the financial information in the following table (2) shall be compiled separately based on the Enterprise Accounting Standard.

Note 1: Years that have not been audited by CPAs shall be specified.

Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

Note 3: Losses from the discontinued operation are listed at a net amount after deducting income tax.

Note 4: If the financial information shall be corrected or restated by the competent authority upon its own initiative, the corrected or restated figures shall be presented, and the circumstances and reasons shall be indicated.

Note 5: Reclassification of gains and losses on discontinued operations in 2022.

Condensed Statement of Comprehensive Income - Parent company only

Unit: Thousand, apart from NTD for earnings per share

Item \ Year	Financial information for the most recent 5 years					2024 Q1
	2019	2020	2021	2022	2023	(Note 2)
Operating revenue	1,721,687	1,243,585	2,311,814	2,085,979	1,048,128	Not applicable
Gross profit	209,139	117,536	246,670	217,671	138,859	Not applicable
Operating income	23,120	-34,838	68,201	21,756	-41,520	Not applicable
Non-operating income and expense	12,929	-29,396	137,569	207,157	62,830	Not applicable
Net profit before tax	36,049	-64,234	205,770	228,913	21,310	Not applicable
Profit or loss from continuing operations	29,719	-55,089	171,455	186,461	14,025	Not applicable
Losses from discontinued operations	0	0	0	0	0	Not applicable
Net income (loss) for the period	29,719	-55,089	171,455	186,461	14,025	Not applicable
Other comprehensive income for the period (net amount after tax)	-73,231	6,908	-3,279	35,802	-23,323	Not applicable
Total comprehensive income for the period	-43,512	-48,181	168,176	222,263	-9,298	Not applicable
Net profit attributable to the owners of the parent company	29,719	-55,089	171,455	186,461	14,025	Not applicable
Net income attributable to non-controlling interests	0	0	0	0	0	Not applicable
Total comprehensive income attributable to owners of the parent company	-43,512	-48,181	168,176	222,263	-9,298	Not applicable
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	Not applicable
Earnings per share (Note)	0.16	-0.30	0.94	1.02	0.08	Not applicable

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement of the last five years shall be compiled.

*If the financial information using IFRS is less than five years, the financial information in the following table (2) shall be compiled separately.

Note 1: Years that have not been audited by CPAs shall be specified.

Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be disclosed.

Note 3: Losses from the discontinued operation are listed at a net amount after deducting income tax.

Note 4: If the financial information shall be corrected or restated by the competent authority upon its own initiative, the corrected or restated figures shall be presented, and the circumstances and reasons shall be indicated.

(II) Names of CPAs in the last 5 years and their audit opinions

Year	Name of CPA firm	Name of CPA	Opinion
2020	Deloitte Taiwan	Chao Yung-Hsiang, Cheng Chin-Tsung	No reserved opinions
2020	Deloitte Taiwan	Chao Yung-Hsiang, Cheng Chin-Tsung	No reserved opinions
2021	Deloitte Taiwan	Chao Yung-Hsiang, Cheng Chin-Tsung	No reserved opinions
2022	KPMG Taiwan	Hsu Yu-Feng, Kou Hui-Chih	No reserved opinions
2023	KPMG Taiwan	Hsu Yu-Feng, Kou Hui-Chih	No reserved opinions

II. Financial analysis for the most recent 5 years

Financial Performance - Consolidated

Analysis Items \ Year		Financial analysis for the most recent 5 years					Current year up to March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Ratio of debt to asset	16.76	19.99	25.30	18.83	13.92	14.18
	Ratio of long-term capital to property, plant and equipment	371.98	363.63	395.82	406.97	434.65	443.71
Solvency (%)	Current ratio	802.77	481.77	366.98	503.89	796.73	792.10
	Quick ratio	566.26	339.35	228.80	296.22	520.11	530.63
	Interest coverage ratio	40.62	-97.38	117.87	33.06	-9.31	45.89
Operating ability	Accounts receivable turnover ratio (times)	2.36	1.97	3.29	2.75	2.06	1.84
	Average collection days	154.66	185.27	110.94	132.72	177.18	198.37
	Inventory turnover (times)	1.80	1.71	2.35	1.63	1.08	1.12
	Payable turnover rate (times)	7.06	4.99	5.56	5.99	7.56	5.12
	Average number of sales days	202.77	213.45	155.31	223.92	337.96	325.89
	Property, plant and equipment turnover (times)	1.96	1.51	2.89	2.51	1.54	1.48
	Total asset turnover (times)	0.48	0.37	0.63	0.52	0.32	0.33
Profitability	Return on assets (%)	0.68	-1.24	3.72	4.06	0.39	1.18
	Return on equity (%)	0.80	-1.53	4.77	5.05	0.38	1.37
	Ratio of pre-tax net profit to paid-in capital (%)	2.32	-4.36	13.23	14.13	-2.28	4.34
	Net profit margin (%)	1.37	-3.73	5.82	7.55	0.99	3.44
	Earnings per share (NTD) (Note 2)	0.16	-0.30	0.94	1.02	0.08	0.07
Cash Flow	Cash flow ratio (%)	129.73	36.57	-	25.02	80.93	11.33
	Cash flow adequacy ratio (%)	80.69	96.01	60.54	56.71	112.07	59.75
	Cash reinvestment ratio (%)	6.84	3.58	-0.68	0.64	2.94	0.81
Leverage	Operating leverage	2.25	0.69	1.12	1.30	0.74	0.73
	Financial leverage	1.06	0.99	1.01	1.09	0.96	0.98

Note 1: Years not audited by CPAs shall be specified.

Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be analyzed.

Financial performance - Parent company only

Analysis Items \ Year		Financial analysis for the most recent 5 years					Current year up to March 31, 2023 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure %	Ratio of debt to asset	18.05	18.34	23.46	18.62	13.38	-
	Ratio of long-term capital to property, plant and equipment	479.72	454.37	468.44	472.30	450.39	-
Solvency (%)	Current ratio	337.47	259.41	203.41	291.38	396.26	-
	Quick ratio	291.21	221.14	186.61	247.81	309.51	-
	Interest coverage ratio	35.60	-92.64	354.56	265.64	13.37	-
Operating ability	Accounts receivable turnover ratio (times)	3.66	2.95	4.97	3.86	2.18	-
	Average collection days	99.73	123.73	73.44	94.56	167.43	-
	Inventory turnover (times)	6.05	5.89	12.65	9.26	3.3	-
	Payable turnover rate (times)	27.15	16.92	28.00	42.53	60.58	-
	Average number of sales days	60.33	61.97	28.85	39.42	110.61	-
	Property, plant and equipment turnover (times)	2.36	1.75	3.31	3.04	1.56	-
	Total asset turnover (times)	0.38	0.28	0.51	0.45	0.24	-
Profitability	Return on assets (%)	0.67	-1.24	3.78	4.00	0.35	-
	Return on equity (%)	0.80	-1.53	4.77	5.05	0.38	-
	Ratio of pre-tax net profit to paid-in capital (%)	1.95	-3.50	11.21	12.47	1.16	-
	Net profit margin (%)	1.73	-4.43	7.42	8.94	1.34	-
	Earnings per share (NTD) (Note)	0.16	-0.30	0.94	1.02	0.08	-
Cash Flow	Cash flow ratio (%)	31.72	16.07	12.36	-	-	-
	Cash flow adequacy ratio (%)	44.72	63.37	77.89	43.58	48.60	-
	Cash reinvestment ratio (%)	1.10	1.30	1.73	-3.28	-3.88	-
Leverage	Operating leverage	1.38	0.81	1.21	1.85	0.95	-
	Financial leverage	1.05	0.98	1.01	1.04	0.96	-

Note 1: Years not audited by CPAs shall be specified.

Note 2: As of the publication date of the Annual Report, any listed company or a company with shares traded on the TPEx that has the most recent financial information audited or reviewed by a CPA shall also be analyzed.

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/total assets.
   (2) Long-term capital to property, plant and equipment ratio = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
   (3) Debt service coverage ratio = Pre-income tax and interest income/interest expense for the current period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable arising from operations) turnover rate = Net sales/balance of average accounts receivables for each period (including accounts receivable and notes receivable arising from operations).
   (2) Average collection days = 365/account receivable turnover.
   (3) Inventory turnover = Cost of goods sold/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover = Cost of goods sold/balance of average payables for each period (including accounts payable and notes payable arising from business operations).
   (5) Average inventory turnover days = 365/inventory turnover.
   (6) Property, plant and equipment turnover = Net sales/average net property, plant and equipment.
   (7) Total asset turnover = Net sales/average total assets.
4. Profitability
   (1) Return on assets = [Net income + interest expenses x (1 - tax rate)] / average total assets.
   (2) Return on equity = Net income/average total equity.
   (3) Net profit margin = Net income/net sales.
   (4) Earnings per share = (Profit or loss attributable to parent company shareholders - preferred share dividend) /weighted average number of outstanding shares. (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 for the most recent five years / (capital expenditure + increase in inventory + cash dividend) for the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = Operating income / (operating income - interest expense).

Note 4: Pay special attention to the following matters when measuring earnings per share with the abovementioned formula:
1. Based on the weighted average number of common shares, not the number of issued shares at the end of the year.
2. Where there is a capital increase by cash or treasury stock traded, the weighted average number of shares shall be calculated taking into account the outstanding period.
3. Where there is capitalization of earnings or capital reserve, in the calculation of earnings per share in previous years and six months, the retrospective adjustment shall be made in accordance with the proportion of capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends of the current year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preferred shares are not cumulative, the dividends of preferred shares shall be deducted from the net profit after tax. In the case of loss, no adjustment is required.

Note 5: In the cash flow analysis, special attention shall be paid to the following matters:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the Statement of Cash Flows.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is calculated only when the ending balance is greater than the beginning balance. If the inventory at the end of the year decreases, it is calculated as zero.
4. Cash dividends include cash dividends from common shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should divide various operating costs and operating expenses into fixed and variable ones by nature. If estimates or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

Note 7: If the shares of the Company have no par value or the par value per share is not NTD 10, the aforementioned calculation of the ratio of paid-in capital is changed to the equity ratio attributable to the owners of the parent company in the balance sheet.

III. Audit Committees' report of the financial statements of the most recent year

KAULIN MFG CO, LTD
Audit Committee's Review Report

The 2023 annual financial statements (including consolidated financial statements) have been prepared by the Board of Directors of the Company and audited by CPAs Hsu Yu-Feng and Kou Hui-Chih of KPMG Taiwan. The business report and earnings distribution table have been approved by the Audit Committee and were considered to be in compliance with the Company Act and other relevant laws and regulations. Therefore, they were submitted for review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

KAULIN MFG. CO., LTD.
Audit Committee Convener: Lin Sheng-Sheng

March 14, 2024

IV. The Company's consolidated financial statements for the most recent year, audited and certified by CPAs

STATEMENT

For the year 2023 (from January 1, 2023 to December 31, 2023), the company that should be included in the preparation of the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Financial Statements and Related Party Reports of Affiliated Companies" are the same as the companies that should be included in the preparation of the consolidated financial statements of the Parent Subsidiary in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission, and the information required to be disclosed in the consolidated financial statements of the Parent Subsidiary has been disclosed in the previous consolidated financial statements.

We hereby declare

Company: KAULIN MFG. CO., LTD.
Chairman: LIN CHEN, YA-TZU
Date: March 14, 2024

Independent Auditor's Report

To the Board of Directors of KAULIN MFG. CO., LTD.:

Audit Opinion

We have audited the Balance Sheet of KAULIN MFG. CO., LTD. And its subsidiaries (KAULIN Group) as of December 31, 2023 and 2022, the Statement of Comprehensive Income as of January 1 to December 31, 2023 and 2022 as well as the Statement of Changes in Equity, Statement of Cash Flows and the Notes to Individual Financial Statement (including important accounting policies summary).

In our opinions, the compilation of the above individual financial statements present fairly, in all material respects, of the financial status of December 31, 2023 and 2022 of KAULIN MFG. CO. LTD. and subsidiaries and the financial performance and consolidated cash flow of January 1 to December 31, 2023 and 2022 prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved by the FSC.

Basis of the Audit Opinions

The audit was conducted by us in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under these standards will be further explained in the responsibility paragraph of the accountant's audit on the consolidated financial statements. The personnel regulated by independence at the accounting firm that our accountants work with have been managed according to the code of professional ethics to maintain independence from KAULIN MFG. CO., LTD. and subsidiaries as well as perform other responsibilities addressed on the regulation. Based on the audit results of us, we believe we have obtained sufficient and appropriate auditing evidence as the basis to express our audit opinions.

Key Audit Matters

Key audit matters refer to the most important matters on the audits to KAULIN MFG. CO., LTD. and subsidiaries' consolidated financial statements of fiscal year 2023 based on the professional judgment of our accountants. The matters have been responded on the whole audited consolidated financial statements and during the process of the expression of the audit opinions. There, our accountants will not express opinions separately towards the matters. Based on the judgment of the accountants, the following key audit matters that should be communicated on the audit report are as follows:

1. Inventory Impairment

For the accounting policy related to inventory impairment, please refer to Note 4(8) to the consolidated financial statements; for uncertainty about accounting estimates and assumptions related to inventory impairment, please refer to Note 5 to the consolidated financial statements; for related disclosures about inventory, please refer to Note 6(6) to the consolidated financial statements.

KAULIN GROUP, being in a highly mature industry with intense competition, has the value of its inventory affected by the market, and the valuation of the inventory is carried out based on policies and accounting estimates set by the management. Given that the balance of inventory is significant to the consolidated financial statements and it involves accounting estimates, the auditor considers the valuation of inventory as one of the matters requiring high attention in the audit of the consolidated financial statements.

Corresponding audit procedure:

The main audit procedures for the provision for inventory valuation impairment by the auditor include evaluating the reasonableness of the provision for inventory valuation impairment policy set by KAULIN GROUP and whether it has been implemented according to relevant bulletin requirements. The auditor reviewed the inventory aging report, analyzed the changes in inventory aging, examined the sales status of the inventory and evaluated the net realizable value basis used to verify the reasonableness of the provision for inventory valuation impairment estimate, and assessed whether management has adequately disclosed relevant items about the provision for inventory valuation impairment.

Other Matters

KAULIN MFG. CO., LTD. has prepared its parent company only financial statements for 2023 and 2022, which have been audited and unqualified audit reports have been issued by this auditor respectively. These are available for reference.

Responsibility from Management and Governing Unit towards the Consolidated Financial Statements

Management level's responsibility is to prepare the consolidated financial statements present fairly according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved by the FSC and to maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

When preparing the consolidated financial statements, the responsibility of management level also includes evaluating KAULIN MFG. CO., LTD. and subsidiaries' capability of continuous operation, disclosure of relevant matters and the application of continuous operation accounting model unless the management level intends to liquidate KAULIN MFG. CO., LTD. and subsidiaries or suspend its business operation or there is no alternative practical and feasible solution other than liquidation or business suspension.

The governing unit (including the audit committee) at KAULIN MFG. CO., LTD. and subsidiaries is responsible for supervising the process of financial reports.

Responsibility of Accountants' Audit on the Consolidated Financial Statements

The purpose of the consolidated financial statements audited by our accountants is to obtain reasonable assurance on whether the significant untrue expression exists on the whole consolidated financial statements due to fraud or error as well as issue the audit report. The reasonable assurance is the high certainty; however, it will not be able to guarantee that the significant untrue expression will definitely be able to be detected by generally accepted auditing standards, and the untrue expression might be caused from fraud or error. It is regarded as with significance if the individual amount or the aggregation number of the untrue expression can reasonably predict that it will affect the economic decisions made by the users of the consolidated financial statements.

When we conduct the audit according to generally accepted auditing standards, we use professional judgment and maintain our professional suspicion. We also executed the following tasks:

1. Identifying and evaluating the risk of major untrue expression on the consolidated financial statements due to fraud or error; designing and implementing proper responding strategies towards the risk evaluated; and obtaining sufficient and appropriate audit evidence as the basis of audit opinions. Due to fraud might be involving with collusion, counterfeiting, malicious omission untrue declaration, or going out of the internal control, the risk of not detecting the major untrue expression due to fraud will be higher than that due to error.
2. Obtaining necessary understanding of internal control related to audit in order to design proper audit procedure under the situation of the case. However, its purpose is not to express opinion toward the effectiveness of the internal control in KAULIN MFG. CO., LTD. and subsidiaries.
3. Evaluating the adequacy of the accounting policies used by the management level and the rationality of the accounting evaluation and relevant disclosure concluded.

4. Based on the audit evidence obtained, conclusion towards the appropriateness of continuous operation accounting basis that the management level adopts and the existence of major uncertainty on events or situations with major concerns affecting KAULIN MFG. CO., LTD. and subsidiaries' capability in continuous operation are made. If we believe major uncertainty existed on the event or situation, we must remind the users of consolidated financial statements on the audit report to pay attention on the relevant disclosure or modify audit opinion when the disclosure is not appropriate. The conclusion that we made is based on the audit evidence obtained up to the audit report day, The conclusion that we made is based on the audit evidence obtained up to the audit report day, but future events or situations might cause KAULIN MFG. CO., LTD. and subsidiaries not capable in continuous operation.
5. Evaluating the overall expression, structure and content of the consolidated financial statements (including relevant notes) as well as whether the consolidated financial statements present fairly, in all material respects, relevant transaction and events.
6. Sufficient and appropriate audit evidence has been obtained for the financial information of the entities within KAULIN GROUP to form an opinion on the consolidated financial statements. This auditor is responsible for the direction, supervision, and execution of the group audit engagement, as well as forming the audit opinion for the group.

The communication between us and the governing unit includes the audit scope and time planned and major audit findings (including the significant defects on the internal control identified during the auditing process).

We have also provided information to the governing unit that the personnel of the firm—under which our CPAs are working—who are subject to independence requirements have complied with the statement of independence in the CPA code of professional ethics and communicated to the governing unit all relationships and other matters (including relevant safeguards) that may be considered to affect the independence of CPAs.

We determined the key audit matters that we would like to execute on KAULIN MFG. CO., LTD. and subsidiaries' consolidated financial statements for fiscal year 2023 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

KPMG Taiwan

CPAs:

Competent Authority of Securities Approval Certificate No.	:	TAI-TSAI-CHENG (VI) No. 0930105495 TAI-TSAI-CHENG (VI) No. 0930106739

March 14, 2024

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 736,967	18	1,170,341	26
1136	Financial assets measured at amortized cost - current (Note 6(4))	355,486	9	9,411	-
1150	Notes receivable (Notes 6(5) and 6(21))	43,357	1	29,782	1
1170	Accounts receivable (Note 6(5) and 6(21))	560,555	13	745,570	16
130X	Inventories (Note 6(6))	990,238	24	1,257,923	27
1419	Advance payment	31,339	1	36,091	1
1460	Non-current assets held for sale (Note 6(7))	216,210	5	-	-
1470	Other current assets (Note 6(12))	8,242	-	5,237	-
	Total current assets	2,942,394	71	3,254,355	71
	Non-current assets:				
1517	Financial assets measured at FVTOCI - non-current (Note 6(3))	-	-	24,147	1
1600	Property, plant and equipment (Note 6(8))	873,891	21	974,119	21
1755	Right-of-use assets (Note 6(9))	37,708	1	40,598	1
1760	Investment property (Note 6(10))	195,205	5	197,881	4
1805	Goodwill (Note 6(11))	23,026	-	23,026	-
1821	Other intangible assets (Note 6(11))	7,996	-	7,878	-
1840	Deferred tax assets (Note 6(18))	79,890	2	83,279	2
1990	Other non-current assets (Note 6(12))	7,581	-	4,923	-
	Total non-current assets	1,225,297	29	1,355,851	29
	Total assets	**$ 4,167,691**	**100**	**4,610,206**	**100**

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(13))	$ 100,000	2	253,549	5
2130	Contract liabilities - current (Note 6(21))	15,475	-	22,806	-
2170	Accounts payable	150,085	5	172,151	4
2200	Other payables (Note 6(15))	100,970	2	133,807	3
2230	Current income tax liabilities	446	-	61,294	2
2260	Liabilities directly related to non-current assets held for sale (Note 6(7))	422	-	-	-
2280	Lease liabilities - current (Note 6(14))	799	-	1,093	-
2399	Other current liabilities－other	1,113	-	1,145	-
	Total current liabilities	369,310	9	645,845	14
	Non-current liabilities:				
2580	Lease liabilities - non-current (Note 6(14))	-	-	800	-
2570	Deferred income tax liabilities (Note 6(18))	196,183	5	200,499	5
2640	Net defined benefit liability - non-current (Note 6(17))	14,847	-	20,780	1
	Total non-current liabilities	211,030	5	222,079	6
	Total liabilities	580,340	14	867,924	20
	Equity attributable to the owners of the parent company (Note 6(19)):				
3110	Common shares	1,836,081	44	1,836,081	40
3200	Capital reserves	199,653	5	199,599	4
	Retained earnings:				
3310	Legal reserve	753,361	18	734,810	16
3320	Special reserve	165,308	4	202,052	4
3350	Unappropriated retained earnings	809,619	19	959,107	21
		1,728,288	41	1,895,969	41
3400	Other equity	(152,612)	(3)	(165,308)	(4)
3500	Treasury shares	(24,059)	(1)	(24,059)	(1)
	Total liabilities	3,587,351	86	3,742,282	80
	Total liabilities and equity	**$ 4,167,691**	**100**	**4,610,206**	**100**

(Please see notes to the consolidated financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(21))**	$ 1,420,562	100	2,101,782	100
5000	**Operating cost (Note 6(6) and (17))**	1,217,317	86	1,696,072	81
	Gross profit	203,245	14	405,710	19
	Operating expenses (Note 6(5), (8), (9), (10), (11), (14), (17) and 7):				
6100	Promotion expense	100,493	7	107,482	4
6200	Administration expense	145,716	10	164,760	8
6300	R&D expenses	39,748	3	45,465	2
6450	Expected credit losses (reversal gain)	22,606	1	(6,575)	-
	Total operating expenses	308,563	21	311,132	14
6900	**Net operating profit (loss)**	(105,318)	(7)	94,578	5
	Non-operating income and expenses (Note 6(23)):				
7100	Interest income	29,216	2	15,945	1
7010	Other income	33,170	2	34,960	2
7020	Other gains and losses (Note 6(2))	5,120	-	122,008	5
7050	Financial costs	(4,060)	-	(8,090)	(1)
	Total non-operating revenue/expense	63,446	4	164,823	7
7900	**Net profit (loss) before tax**	(41,872)	(3)	259,401	12
7950	**Less: Income tax expenses (Note 6(18))**	7,537	-	73,003	3
	Net income (loss) of continuing operations	(49,409)	(3)	186,398	9
	Profit or loss from discontinued operations (Note 14):				
8100	Income after tax of the discontinued operation	63,434	4	63	-
	Total profit (loss) from discontinued operations	63,434	4	63	-
8200	**Net income**	14,025	1	186,461	9
	Other comprehensive income:				
8310	**Items not reclassified into profit or loss (Note 6(18))**				
8311	Remeasurements of defined benefit plan	1,988	-	(1,178)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(760)	-	(10,197)	-
8349	Less: Income tax related to the items which were not reclassified	246	-	(2,275)	-
	Total items not reclassified to profit or loss	982	-	(9,100)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss (Note 6(18))**				
8361	Exchange difference on translation of the financial statements of foreign operations	(29,873)	(2)	39,781	2
8365	Equity directly related to the non-current assets (or disposal group) held for sale	(509)	-	16,347	1
8399	Less: Income tax related to items that might be reclassified	(6,077)	-	11,226	1
	Total items that might be reclassified to profit or loss later	(24,305)	(2)	44,902	2
8300	**Total other comprehensive income in the term**	(23,323)	(2)	35,802	2
8500	**Total comprehensive income in the term**	**$ (9,298)**	**(1)**	**222,263**	**11**
	Earnings per share (Note 6(20))				
	Earnings per share:				
9750	Basic earnings per share (NTD)		**0.08**		**1.02**
9850	Diluted earnings per share (NT$)		**0.08**		**1.02**
	Continuing operations				
9710	Basic earnings (losses) per share (NTD)		**(0.27)**		**1.02**
9810	Diluted earnings (losses) per share (NTD)		**(0.27)**		**1.02**

(Please see notes to the consolidated financial statement)

Chairperson: LIN CHEN, YA-ZI   Manager: LIN, SHENG-ZHI   Accounting Manager: LIN, ZENG-XIN

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

			Retained earnings				Other equity items				
	Common shares	Capital reserves	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 1,836,081	199,595	717,716	199,294	920,916	1,837,926	(173,209)	(28,843)	(202,052)	(24,059)	3,647,491
Net income	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Total other comprehensive income in the term	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802
Total comprehensive income in the term	-	-	-	-	185,519	185,519	44,902	(8,158)	36,744	-	222,263
Appropriation and distribution of earnings:											
Appropriation to legal reserve	-	-	17,094	-	(17,094)	-	-	-	-	-	-
Appropriation to special reserve	-	-	-	2,758	(2,758)	-	-	-	-	-	-
Cash dividend for common stock	-	-	-	-	(127,476)	(127,476)	-	-	-	-	(127,476)
Other changes in additional paid-in capital	-	4	-	-	-	-	-	-	-	-	4
Balance as of Dec. 31, 2022	1,836,081	199,599	734,810	202,052	959,107	1,895,969	(128,307)	(37,001)	(165,308)	(24,059)	3,742,282
Net income	-	-	-	-	14,025	14,025	-	-	-	-	14,025
Total other comprehensive income in the term	-	-	-	-	1,590	1,590	(24,305)	(608)	(24,913)	-	(23,323)
Total comprehensive income in the term	-	-	-	-	15,615	15,615	(24,305)	(608)	(24,913)	-	(9,298)
Appropriation and distribution of earnings:											
Appropriation to legal reserve	-	-	18,551	-	(18,551)	-	-	-	-	-	-
Appropriation to special reserve	-	-	-	(36,744)	36,744	-	-	-	-	-	-
Cash dividend for common stock	-	-	-	-	(145,687)	(145,687)	-	-	-	-	(145,687)
Disposal of equity instruments at fair value through other comprehensive income (Note 6(3))	-	-	-	-	(37,609)	(37,609)	-	37,609	37,609	-	-
Other changes in additional paid-in capital	-	54	-	-	-	-	-	-	-	-	54
Balance as of December 31, 2023	**$ 1,836,081**	**199,653**	**753,361**	**165,308**	**809,619**	**1,728,288**	**(152,612)**	**-**	**(152,612)**	**(24,059)**	**3,587,351**

(Please see notes to the consolidated financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

		2023	2022
Cash flow from operating activities:			
Net income before tax (loss) from continuing operations	$	(41,872)	259,401
Net profit (loss) before tax from discontinued operation		77,480	(23)
Net profit before tax		35,608	259,378
Adjustment Items:			
Adjustments to reconcile profit (loss)			
Depreciation expense		68,468	68,175
Amortization expense		5,935	6,411
Expected credit losses (reversal gain)		29,508	(7,310)
Interest expense		4,060	8,090
Interest income		(30,297)	(16,014)
Dividend income		(771)	(991)
Loss (gain) from the disposal and scrapping of property, plant and equipment		(1,313)	2,107
Inventory obsolescence and valuation loss		23,801	32,625
Unrealized foreign currency exchange losses (gains)		9,644	(12,443)
Gain on disposal of assets of discontinued operation		(90,852)	-
Total income and expense items		18,183	80,650
Changes in assets/liabilities related to operating activities:			
Decrease (increase) of notes receivable		(14,215)	29,004
Decrease in accounts receivable		134,548	262,434
Decrease (increase) of inventory		247,358	(63,021)
Decrease (increase) in advance payment		(4,059)	51,030
Decrease in other current assets		601	2,457
Decrease in contract liabilities		(7,331)	(25,248)
Decrease in accounts payable		(19,780)	(339,961)
Decrease in other payables		(43,143)	(15,763)
Decrease (increase) in other current liabilities		(32)	586
Decrease in net defined benefit liability		(3,945)	(6,495)
Total adjustment items		308,185	(24,327)

(Please see notes to the consolidated financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

		2023	2022
Cash inflow from operations	$	343,793	235,051
Interest received		26,691	15,542
Interest paid		(4,305)	(7,883)
Income taxes paid		(67,301)	(81,135)
Net cash inflow from operating activities		298,878	161,575
Cash flow from investing activities:			
Disposal of financial assets at fair value through other comprehensive income		23,387	-
Acquisition of financial assets measured at amortized cost		(448,606)	(9,289)
Disposal of financial assets measured at amortized cost		95,195	89,772
Cash and cash equivalents reclassified to non-current assets held for sale		(188,996)	-
Acquisition of property, plant and equipment		(16,829)	(22,306)
Disposal of property, plant and equipment		1,658	1,070
Disposal of assets of discontinued operations		131,639	-
Decrease (increase) in refundable deposits		2,541	(515)
Acquisition of intangible assets		(6,091)	(9,123)
Increase in prepayments for business facilities		(5,484)	-
Dividends received		771	991
Net cash (outflow) inflow from investing activities		(410,815)	50,600
Cash flow from financing activities:			
Increase in short-term loans		-	358,800
Decrease in short-term borrowings		(153,549)	-
Repayment of long-term borrowings		-	(343,652)
Decrease in deposits received		-	(535)
Repayment of lease principal		(1,094)	(1,066)
Issuance of cash dividends		(145,687)	(127,476)
Other changes in additional paid-in capital		54	4
Net cash outflow from financing activities		(300,276)	(113,925)
Effect of the changes in exchange rate on cash and cash equivalents		(21,161)	16,759
Increase (decrease) in cash and cash equivalents in the current period		(433,374)	115,009
Beginning balance of cash and cash equivalents		1,170,341	1,055,332
Ending balance of cash and cash equivalents	**$**	**736,967**	**1,170,341**

(Please see notes to the consolidated financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENT NOTES
For the Years Ended December 31, 2023 and 2022
(Unless otherwise specified, the basic unit for any amount shall be NT$ THOUSANDS.)

1. Company Profile

KAULIN MFG. CO., LTD. (hereinafter referred to as "the Company") was established on October 5, 1965, with the approval of the Ministry of Economic Affairs, with a registered address on the 11th floor, No. 128, Section 3, Minsheng East Road, Songshan District, Taipei City. The main business items of the Company and its subsidiaries (hereinafter collectively referred to as "the Consolidated Companies") are the manufacturing, assembly, and sale of various industrial sewing machines and their components.

The company's stock was originally listed on the OTC market at the Securities and Futures Bureau of the Ministry of Finance in Taiwan in June 1999, and then listed on the Taiwan Stock Exchange in September 2000.

2. The Date and Procedure of the Approval of the Financial Report

Originally approved by the Board of Directors for promulgation on March 14, 2024.

3. The Application of Newly Published and Revised Standards and Interpretations

(1) The impact of the new and revised standards and interpretations approved by the Financial Supervisory Commission (FSC) that have been adopted

From January 1, 2023, the consolidated company began to apply the following new amendments to International Financial Reporting Standards (IFRS), and they did not have a significant impact on the consolidated financial statements.

·The amendment to IAS 1, "Disclosure of Accounting Policies"
·The amendment to IAS 8, "Definition of Accounting Estimates"
·The amendment to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

From May 23, 2023, the consolidated company began to apply the following new amendments to International Financial Reporting Standards (IFRS), and they did not have a significant impact.
Amendments to IAS 12, “International Tax Reform — -Pillar Two Model Rules”

(2) The impact of International Financial Reporting Standards approved by the FSC that have not yet been adopted

The consolidated company has evaluated the application of the following new amendments to International Financial Reporting Standards, effective from January 1, 2024, and concluded that they will not have a significant impact.

·Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"
·The amendment to IAS 1, "Non-current Liabilities with Covenants"
·Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”
·Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) New and revised standards and interpretations not yet approved by the FSC

The consolidated company expects that the following new and revised standards not yet approved will not have a significant impact.

· The amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
· IFRS 17, "Insurance Contracts" and the amendments to IFRS 17
· The amendment to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
· Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of Significant Accounting Policies

The following are the significant accounting policies adopted. Unless otherwise stated in notes 3 and 4 regarding changes in accounting, these policies have been consistently applied to all periods presented.

(1) Compliance statement

This has been prepared in accordance with the Rules Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "Preparation Rules") and International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins that have been endorsed and effective by the Financial Supervisory Commission (hereinafter referred to as "IFRS endorsed by the FSC").

(2) Basis of preparation

1. Measurement basis

Except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, these consolidated financial statements have been prepared on a historical cost basis.

2. Functional and presentation currency

Each entity in the Group uses the currency of the primary economic environment in which it operates (the functional currency). This report is expressed in the Company's functional currency, New Taiwan Dollar (NTD). All financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

1. Principles of the preparation of the consolidated financial statements

The consolidation scope includes the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

From the date the Company gains control of the subsidiary, it includes the financial statements in the consolidated financial statements until it loses control. Intercompany transactions, balances and unrealized gains and losses are fully eliminated when preparing the consolidated financial statements. Comprehensive income attributable to the owners of the Company and non-controlling interests is presented even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to ensure consistency with the accounting policies used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The difference between the fair value of any consideration paid or received and the amount by which the non-controlling interests are adjusted is recognized directly in equity and attributable to owners of the Company.

2. Subsidiaries included in these consolidated financial statements are:

Name of the Investment Company	Name of Subsidiary	Main businesses	Shareholding percentage 2023.12.31	Shareholding percentage 2022.12.31	Description
The company	SIRUBA Latin America	Buying and selling of industrial sewing machines and components, maintenance, and import and export businesses	100.00%	100.00%	Established in the United States in 1991. Note 1
The company	SIRUBA Singapore	General investment business	100.00%	100.00%	Established in Singapore in 1998.

Name of the Investment Company	Name of Subsidiary	Main businesses	Shareholding percentage		Description
			2023.12.31	2022.12.31	
The company	SIRUBA Vietnam	Buying and selling of industrial sewing machines and components, maintenance, and import and export businesses	100.00%	100.00%	Established in Vietnam in 2019.
SIRUBA Singapore	Ningbo KAUYIN Co.	Management of manufacturing and sales of industrial sewing machine parts, accessories, and their equipment	100.00%	100.00%	Established in the People's Republic of China in 2005.
SIRUBA Latin America	Young Da LLC	General investment business	100.00%	100.00%	Established in the United States in June 2012. Note 1

Note 1: On March 23, 2023, the Board of Directors of the consolidated company approved the liquidation of its subsidiary, Siruba Latin American Company, and its sub-subsidiary Young Da LLC. The relevant liquidation procedures were initiated in June 30, 2023.

3. Subsidiaries not included in the consolidated financial report: None.

(4) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated using the exchange rate on that date. Foreign currency non-monetary items that are measured in terms of fair value are translated using the exchange rates at the date when the fair value was determined, and foreign currency non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the translation are generally recognized in profit or loss, except for the following cases which are recognized in other comprehensive income:

(1) Equity instruments designated at fair value through other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TWD at the exchange rates at the reporting date; their income and expenses are translated into TWD at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control, or significant influence, the cumulative exchange difference related to the foreign operation is fully reclassified as a profit or loss. When a partial disposal involves a subsidiary with a foreign operation, the relevant cumulative exchange difference is proportionally reattributed to non-controlling interests. When a partial disposal involves an associate or joint venture of a foreign operation, the relevant cumulative exchange difference is proportionally reclassified to profit or loss.

For monetary receivables or payables of a foreign operation, if there is no repayment plan and it is not possible to repay in the foreseeable future, the foreign exchange loss arising from it is considered part of the net investment in the foreign operation and is recognized as other comprehensive income.

(5) Classification standard for distinguishing between current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Expect to realize the asset during its normal operating cycle, or intend to sell or consume it;
2. The asset is primarily held for trading purposes;
3. Expect to realize the asset within twelve months after the reporting period; or

4. The asset is cash or cash equivalent, except for the exchange or settlement of liabilities that are restricted at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Expect to settle the liability during its normal operating cycle;
2. The liability is primarily held for trading purposes;
3. Expect to settle the liability within twelve months after the reporting period; or
4. The liability has an unconditional right to defer the settlement period to at least twelve months after the reporting period. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparty, do not affect their classification.

(6) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be readily converted into a fixed amount of cash with insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(7) Financial instruments

1. Financial Assets

The purchase or sale of financial assets conforms to customary transactions. For financial assets classified in the same way, the company adopts a consistent approach to all purchases and sales using either trade date or settlement date accounting.

Financial assets are classified at initial recognition as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity investments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets changes.

(1) Financial Assets Measured at Amortized Cost

Financial assets are measured at amortized cost when they meet the following conditions, and are not designated as measured at fair value through profit or loss:

·The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

·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.

These assets are subsequently measured at their original recognition amount plus or minus the accumulated amortization calculated using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Any gains or losses are recognized in profit or loss upon derecognition.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions, and are not designated as measured at fair value through profit or loss:

·The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell the financial asset.

·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.

The consolidated company holds part of its accounts receivable in a business model whose objective is both to collect contractual cash flows and to sell, thus these receivables are measured at fair value through other comprehensive income. However, it is listed in the accounts receivable.

Upon initial recognition, the consolidated company may make an irrevocable election to present subsequent changes in the fair value of an equity instrument not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

For debt instrument investments, they are subsequently measured at fair value. Interest income calculated by the effective interest method, foreign exchange gains or losses, and impairment losses are recognized in profit or loss, and other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount in other comprehensive income is reclassified to profit or loss.

For equity instrument investments, they are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of the investment) is recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized when the consolidated company has the right to receive dividends (usually the ex-dividend date).

(3) Impairment of Financial Assets

The consolidated company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposit guarantee and other financial assets, etc.) and contract assets.

The following financial assets are measured for loss allowance at an amount equal to 12-month expected credit losses, while the rest are measured for expected credit losses over the lifetime:

·The credit risk (i.e., the risk of default over the expected life of the financial instrument) of bank deposits has not increased significantly since initial recognition.

The loss allowance for accounts receivable and contract assets is measured at an amount equal to lifetime expected credit losses.

The consolidated company assumes that the credit risk on a financial asset has increased significantly if contractual payments are more than 120 days overdue.

The consolidated company considers the financial asset defaulted when contractual payments are more than 360 days overdue, or it is unlikely that the borrower will fully pay the amounts to the consolidated company due to failure to fulfill its credit obligations.

The Expected Credit Loss (ECL) over the lifetime refers to the anticipated credit losses arising from all possible default events during the expected lifespan of a financial instrument.

The 12-month ECL refers to the anticipated credit losses that could occur within twelve months after the reporting date (or shorter period, if the expected life of the financial instrument is less than twelve months).

The longest period for measuring ECL is the longest contract term over which the consolidated company is exposed to credit risk.

The ECL is a probability-weighted estimate of credit losses over the expected life of a financial instrument. Credit loss is measured by the present value of all cash shortfalls, that is, the difference between the cash flows due to the company under the contract and the cash flows the company expects to receive. The ECL is discounted at the effective interest rate of the financial asset.

On each reporting date, the consolidated company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence of financial asset credit impairment includes observable data on the following:

·Significant financial difficulties of the borrower or issuer;

·Default or delay in payment exceeding 360 days;

·The consolidated company granting a concession to the borrower that it would not consider due to economic or contractual reasons related to the borrower's financial difficulties;

·The borrower is likely to enter bankruptcy or other financial restructuring;

·The disappearance of the active market of the financial asset due to financial difficulties.

The provision for losses on financial assets measured at amortized cost is deducted from the carrying amount of the asset. The provision for losses on debt instrument investments measured at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the consolidated company cannot reasonably expect to recover all or part of a financial asset, it reduces the total carrying amount of its financial assets directly. The consolidated company analyzes the timing and amount of write-offs on a basis of whether it can reasonably expect to recover. The consolidated company expects that the amount written off will not be significantly reversed. However, written-off financial assets can still be enforced to comply with the company's procedures for recovering overdue amounts.

(4) De-recognition of Financial Assets

The consolidated company only de-recognizes financial assets when the contractual rights to the cash flows from the asset have expired, or the financial assets have been transferred and almost all the risks and rewards of ownership of the asset have been transferred to another entity, or the entity has neither transferred nor retained substantially all the risks and rewards of ownership and has not retained control of the financial asset.

When the consolidated company engages in a transaction to transfer financial assets, if it retains all or substantially all of the risks and rewards of ownership of the transferred assets, it continues to recognize them in the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equity

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of the contract agreement and the definitions of financial liabilities and equity instruments.

(2) Equity Transactions

Equity instruments represent any contract that confers a residual interest in the assets of an entity after deducting all its liabilities. The equity instruments issued by the consolidated company are recognized at the amount of consideration received less direct issuance costs.

(3) Treasury Stock

When the company repurchases its recognized equity instruments, the consideration paid (including directly attributable costs) is recognized as a reduction in equity. The repurchased shares are classified as treasury stock. Upon subsequent sale or reissue of the treasury stock, the amount received is recognized as an increase in equity, and the surplus or loss generated from the transaction is recognized as capital reserves or retained earnings (if capital reserves are insufficient to offset).

(4) Derecognition of Financial Liabilities

The company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled, or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are significantly different, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When derecognizing financial liabilities, the difference between its carrying amount and the total amount of consideration paid or payable (including any transferred non-cash assets or assumed liabilities) is recognized as a gain or loss.

(5) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are only offset when the company currently has a legally enforceable right to offset and intends to settle on a net basis or realize the assets and settle the liabilities simultaneously, expressed as a net amount in the balance sheet.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes the acquisition, production or processing costs incurred to bring them to their present location and condition and other costs, calculated using the first-in, first-out method. The cost of finished goods and work in process includes a proportion of manufacturing costs based on normal production capacity.

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

(9) Investment Property

Investment property refers to property held for earning rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost, and subsequently at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value are processed in accordance with the regulations of property, plant, and equipment.

The gain or loss on disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

The rental income from investment property is recognized as non-operating income over the lease term on a straight-line basis. Lease incentives granted are recognized as part of the rental income over the lease term.

(10) Property, Plant, and Equipment

1. Recognition and Measurement

Items of property, plant, and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When major components of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

The gain or loss on disposal of property, plant, and equipment is recognized in profit or loss.

2. Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits will flow to the company.

3. Depreciation

Depreciation is calculated over the asset's cost less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant, and equipment.

Land is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(1) Buildings and constructions:	20 years
(2) Plant and equipment:	3-5 years
(3) Office and other equipment:	3-5 years

The consolidated company reviews the depreciation method, useful life and residual value every year on the reporting date and adjusts them appropriately when necessary.

(11) Leasing

The consolidated company assesses whether a contract is or contains a lease on the contract inception date. If the contract transfers the right to use an identified asset for a period in exchange for consideration, then the contract is or contains a lease.

1. Lessee

The consolidated company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, any lease payments made on or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs for dismantling and removing the underlying asset and restoring the site or underlying asset, minus any lease incentives received.

Subsequent to initial recognition, the right-of-use asset is depreciated on a straight-line basis from the lease 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. Additionally, the consolidated company regularly assesses whether the right-of-use asset is impaired and recognizes any impairment losses incurred, and adjusts the right-of-use asset in the event of a lease liability remeasurement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date. If the interest rate implicit in the lease is readily determinable, the discount rate is that rate; if not readily determinable, the incremental borrowing rate of the consolidated company is used. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the lease commencement date;
(3) Amounts expected to be payable under residual value guarantees; and
(4) The exercise price of a purchase option if it is reasonably certain to be exercised, or penalties for early termination of the lease.

The lease liability is subsequently measured using the effective interest method and remeasured when:

(1) There are changes in future lease payments resulting from changes in an index or rate used to determine those payments;
(2) There are changes in the amounts expected to be payable under residual value guarantees;
(3) There are changes in the assessment of whether a purchase option will be exercised;
(4) There is a change in the estimate of the term of a lease due to an assessment of whether an extension or termination option will be exercised; and
(5) There is a change in the scope or terms of a lease.

When the lease liability is remeasured due to changes in the index or rate determining lease payments, residual value guarantees, or assessments of purchase, extension, or termination options, the carrying amount of the right-of-use asset is adjusted correspondingly, and any remaining remeasurement amount is recognized in profit or loss once the carrying amount of the right-of-use asset has been reduced to zero.

For lease modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is recognized in profit or loss.

The consolidated company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

If the agreement includes both lease and non-lease components, the consolidated company allocates the contract's consideration to individual lease components based on relative standalone prices. However, when leasing land and buildings, the consolidated company chooses not to differentiate non-lease components and treats lease components and non-lease components as a single lease component.

For short-term leases and low-value asset leases of office equipment, the consolidated company chooses not to recognize right-of-use assets and lease liabilities, but rather records related lease payments as expenses on a straight-line basis during the lease period.

2. Lessor

As a lessor, the consolidated company classifies leases on the inception date based on whether they transfer substantially all the risks and rewards incidental to ownership of the leased assets. If so, they are classified as finance leases, otherwise as operating leases. When assessing, the consolidated company considers specific indicators, including whether the lease period covers a significant part of the economic life of the leased assets.

If the consolidated company is a sub-lessor, it deals with the primary lease and sub-lease transactions separately and classifies the sub-lease transactions based on the right-of-use asset arising from the primary lease. If the primary lease is a short-term lease and the recognition exemption applies, the sub-lease transaction should be classified as an operating lease.

If the agreement includes lease and non-lease components, the consolidated company allocates the contract's consideration according to the provisions of International Financial Reporting Standard No. 15.

(12) Intangible assets

1. Recognition and measurement

The goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Research-related expenditures are recognized as losses when incurred.

Development expenditures are only capitalized when they can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, it is highly probable that future economic benefits will flow to the consolidated company, and the consolidated company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized as losses when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment.

The consolidated company measures other acquired intangible assets with finite useful lives at their cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

Subsequent expenditure is only capitalized when it can increase the future economic benefits of the relevant specific asset. All other expenses are recognized as losses when incurred, including internally generated goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less its estimated residual value and is recognized as a loss over the estimated useful life of the intangible asset from when it is available for use, using the straight-line method.

Estimated useful lives for the current and comparative periods are as follows:

(1) Computer software: 5 years

The consolidated company reviews the amortization method, useful life, and residual value of intangible assets on each annual reporting date and makes appropriate adjustments as necessary.

(13) Impairment of Non-Financial Assets

The consolidated company assesses at each reporting date whether there is any indication that the carrying amount of a non-financial asset (excluding inventory, contract assets, deferred income tax assets, and investment properties measured at fair value) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is subjected to an annual impairment test.

For the purpose of impairment testing, a group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets is identified as the smallest identifiable group of assets. Goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Impairment losses are immediately recognized in profit or loss, first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the carrying amounts of the other assets in the unit on a pro-rata basis.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are only reversed within the range of the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized in prior years.

(14) Recognition of Revenue

1. Revenue from Contracts with Customers

Revenue is measured at the amount of consideration to which the consolidated company expects to be entitled in exchange for transferring goods or services. The company recognizes revenue when it satisfies a performance obligation by transferring control over a good or service to a customer. The consolidated company describes the following major income items as follows:

(1) Sale of Goods

The consolidated company manufactures industrial sewing equipment and sells it to its customers. The company recognizes revenue when control over the product is transferred. This transfer of control refers to when the product has been delivered to the customer, the customer has full discretion over the product's sales channels and prices, and there are no unfulfilled obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have become ineffective, or the consolidated company has objective evidence that all acceptance conditions have been met.

The consolidated company does not recognize revenue at the time of raw material processing, as control over the processed product has not been transferred.

(15) Employee benefits

1. Defined contribution plans

The obligation for contributions to defined contribution plans is recognized as an expense in the period during which services are rendered by employees. Prepaid contributions that result in cash refunds or reductions in future payments are recognized as an asset.

2. Defined benefit plans

The net obligation of the consolidated company for defined benefit plans is determined separately for each plan by discounting the amount of future benefits earned by employees for their current or past service to present value, and deducting the fair value of any plan assets.

Defined benefit obligations are annually actuarially determined by qualified actuaries using the projected unit credit method. An asset is recognized only to the extent of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of economic benefits is considered, taking into account any minimum funding requirements.

Net defined benefit liability remeasurements, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset ceiling (excluding interest), are recognized immediately in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liability (asset) is determined using the net defined benefit liability (asset) and discount rate at the beginning of the annual reporting period. Net interest expense and other expenses of defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, changes in the benefits related to past service costs or curtailment gains or losses are recognized immediately in profit or loss. The consolidated company recognizes settlement gains or losses on defined benefit plans when the settlement occurs.

3. Other long-term employee benefits

The net obligation of the consolidated company for other long-term employee benefits is determined by discounting the amount of future benefits earned by employees for their current or past service to present value. Remeasurements are recognized in profit or loss as they arise.

4. Termination benefits

Termination benefits are recognized as an expense when the consolidated company can no longer withdraw the offer of those benefits or, if earlier, when the consolidated company recognizes costs for a restructuring that involves the payment of termination benefits. If termination benefits are not expected to be settled within 12 months after the reporting date, they are discounted.

5. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are rendered. If the consolidated company has a present legal or constructive obligation arising from past service provided by employees, and the obligation can be reliably estimated, the amount is recognized as a liability.

(16) Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss, except for items related to business combinations, items recognized directly in equity, or items recognized in other comprehensive income.

Current income tax includes the expected income tax payable or refundable on the taxable income (loss) for the year, and any adjustments to income tax payable or refundable in respect of previous years. Amounts are measured at the best estimate of the amount expected to be paid or received, reflecting the uncertainty related to income taxes (if any), using the statutory tax rates or substantially enacted tax rates at the reporting date.

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for the following temporary differences:

1. Assets or liabilities initially recognized in transactions not involving business combinations, and that do not affect accounting profit and taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures, where the parent company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

For unused tax losses and unused income tax credits carried forward, and deductible temporary differences, deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available. They are revalued at each reporting date, with adjustments made for the portion of the related tax benefits that are not considered likely to be realized, or the amounts previously reduced when it becomes probable that sufficient taxable income will be available.

Deferred income tax is measured using the tax rate that is expected to apply when the temporary difference reverses, based on the statutory tax rate or substantive enacted tax rate as at the reporting date.

The merged company only offsets deferred income tax assets and deferred income tax liabilities when the following conditions are met:

1. Current income tax assets and current income tax liabilities are offset where there is a legally enforceable right to do so; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the taxpayers levied by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers, but each taxpayer intends to offset current income tax liabilities and assets on a net basis, or simultaneously realize assets and settle liabilities in each future period where significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(17) Non-current assets held for sale

By resolution of the board of directors on March 23, 2023, the consolidated company began the dissolution and liquidation of its subsidiary, Siruba Latin American Company, and its sub-subsidiary Young Da LLC. The accounting policy related to the held-for-sale non-current assets has been applied since June 30, 2023.

Non-current assets or the segmentation group consisting of assets and liabilities are classified as held for sale when it is highly probable that the carrying amount will be recovered through sales rather than continuous use. The assets or the components of the disposal group are re-measured in accordance with the consolidated company's accounting policies before they are initially classified as held for sale. After being classified as held for sale, the measurement is based on the lower of the book value and fair value less selling cost.

When intangible assets and property, plant and equipment are classified as held for sale, no depreciation or amortization will be provided. In addition, when the affiliated enterprise recognized under the equity method is classified as held for sale, the equity method is discontinued.

(18) Earnings Per Share

The consolidated company presents basic and diluted earnings per share attributable to the ordinary equity holders of the parent company. The basic earnings per share of the consolidated company are calculated by dividing the profit or loss attributable to the ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to the ordinary equity holders of the parent company and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

(19) Segment Information

Operating segments are components of the consolidated company that engage in business activities that may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the consolidated company). The operating results of all operating segments are regularly reviewed by the primary decision-maker of the consolidated company to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment has separate financial information.

5. The Main Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the management prepares this consolidated financial report in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, it must make judgments, estimates, and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The consolidated company may be faced with economic uncertainties, such as climate changes, inflation and technological changes. There is no significant impact on the consolidated company. However, these events may materially affect the following accounting estimates made by the consolidated company in the next fiscal year. This is because such estimates involve forecasts for the future.

The management continuously reviews estimates and underlying assumptions, and changes in accounting estimates are recognized in the period of the change and future periods affected.

The uncertainty of assumptions and estimates has a significant risk that will lead to a material adjustment to the book value of assets and liabilities in the next fiscal year. The relevant information is as follows:

(1) Loss allowance for accounts receivable

The provision for loss on accounts receivable of the consolidated company is estimated based on the assumption of default risk and expected loss rate. On each reporting date, the consolidated company considers historical experience, current market conditions, and forward-looking estimates to determine the assumptions and selected input values to be used in calculating impairment. For detailed descriptions of related assumptions and input values, please refer to Note 6 (4).

(2) Impairment of Inventory

The net realizable value of inventory is an estimate of the selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. These estimates are made based on current market conditions and historical sales experience of similar products, and changes in market conditions may significantly affect these estimates.

The accounting policies and disclosures of the consolidated company include the fair value measurement of its financial and non-financial assets and liabilities. The consolidated company has established the relevant internal control system for fair value measurement. This includes establishing the valuation team to be responsible for reviewing all significant fair value measurements (including Level 3 fair value), and to report directly to the Chief Financial Officer. The valuation team reviews the significant unobservable input value and adjustment on a regular basis. If the input value for measuring fair value uses external third-party information (such as brokerage or pricing service providers), the valuation team will evaluate the evidence provided by the third party to support the input value in order to determine the valuation and its fair value classification. It is in compliance with the International Financial Reporting Standards. The valuation team also reports material issues of valuation to the consolidated company's Audit Committee. Investment property is regularly valuated by the consolidated company's Finance Department in accordance with the valuation methods and parameter assumptions announced by the Financial Supervisory Commission or external appraisers are engaged.

When the consolidated company measures its assets and liabilities, it uses market-observable input values as much as possible. The level of fair value is based on the input value used in the valuation technique, which is classified as follows:

(3) Level 1: The open quotation of the same assets or liabilities in an active market (unadjusted).
(4) Level 2: In addition to the open quotation included in Level 1, the input parameter of the asset or liability can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).
(5) Level 3: The input parameters of the asset or liability are not based on observable market data (non-observable parameters).

Please refer to the following notes for information on the assumptions used to measure fair value:

1. Note 6(10), Investment property
2. Note 6(24), Financial instruments

6. Explanation of Important Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand and working capital	$ 1,397	1,103
Checks and demand deposits	325,734	705,839
Time Deposits - within three months of the original recognised maturity date	409,836	463,399
Cash and cash equivalents in the Consolidated Cash Flow Statement	**$ 736,967**	**1,170,341**

For the disclosure of the interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities, please refer to Note 6 (24).

(2) Financial assets measured at fair value through profit or loss

	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Non-hedging derivatives		
Foreign exchange forward contract	**$ -**	**-**

The purpose of engaging in derivative transactions is to hedge the exchange rate and interest rate risks exposed by business, financing and investment activities. In 2023, the consolidated company did not apply hedge accounting to report as derivatives of financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading. Their breakdown is as follows:

Foreign exchange forward contract:

The consolidated company had purchased US$2,000 thousand of foreign exchange forward contracts this year, which expired on May 2, 2023. The net gain on financial assets was recognized as changes in fair value in profit or loss for NT$1,790 thousand, accounted for under “Other gains and losses”.

(3) Financial assets measured at fair value through other comprehensive income

		2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income or loss:			
Overseas listed (OTC) stocks - JUKI Corporation	$	-	24,147

1. The consolidated company invested in common shares of JUKI Corporation for medium and long-term strategic purposes and expects to profit from long-term investment. The management of the consolidated company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, so it chooses to designate these investments as measured at fair value through other comprehensive income.
2. The price for disposal of the equity instrument at fair value through other comprehensive income of the consolidated company was NT$23,387 thousand in 2023. The cumulative disposal loss was NT$37,609 thousand in 2023. The aforementioned cumulative disposal loss has been transferred from other equity to retained earnings. The consolidated company did not dispose of strategic investment in 2022 and did not make any transfer of accumulated gains and losses during the period.
3. For market risk and fair value information, please refer to Note 6 (24).

(4) Financial assets measured at amortized cost - current

		2023.12.31	2022.12.31
Time deposits with original maturity of more than 3 months	$	355,486	9,411

As of December 31, 2023, and 2022, the merged company's financial assets measured at amortized cost were not provided as collateral.

(5) Notes receivable and accounts receivable

		2023.12.31	2022.12.31
Notes receivable－Generated from operating activities	$	43,357	29,782
Accounts receivable－Measured at amortized cost		603,929	767,908
Minus: allowance for loss		43,374	22,338
	$	603,912	775,352

The consolidated company's average credit period for goods sales is between 45 and 180 days. It continuously monitors credit exposure and the credit rating of the counterparty, and diversifies the total transaction amount to credit-rated eligible customers. The credit limit of the counterparty is managed by the approval of the management level each year.

The merged company measures the provision for credit losses of receivables and accounts based on expected credit losses over the holding period. Expected credit losses over the holding period are calculated using a provision matrix. For this measurement purpose, these receivables and accounts are grouped according to common credit risk characteristics that represent the customer's ability to pay all due amounts according to contract terms, taking into account the customer's past default records and current financial status, industry economic conditions, and have included forward-looking information, including macroeconomic and related industry information.

If there is evidence that the counterparty is facing serious financial difficulties and the merged company cannot reasonably expect to recover the amount, such as the counterparty is undergoing liquidation, the merged company directly writes off related receivables and accounts, but will continue to pursue activities. The amount recovered from the pursuit is recognized in profit and loss.

The analysis of expected credit losses for receivables and accounts in the Taiwan region of the merged company is as follows:

	2023.12.31		
	Carrying amount of bills and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period of continuation
Not overdue	$ 273,571	0.84%	2,286
Within 120 days of expiration	121,872	3.77%	4,595
121~180 days of expiration	21,430	20.95%	4,490
181~240 days past due	24,619	31.84%	7,839
241~300 days past due	3,069	71.68%	2,200
Over 360 days past due	2,411	100.00%	2,411
	$ 446,972		23,821

	2022.12.31		
	Carrying amount of bills and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period of continuation
Not overdue	$ 430,504	0.13%	556
Within 120 days of expiration	66,460	0.79%	525
121~180 days of expiration	24,760	3.13%	775
181~240 days past due	20,003	10.42%	2,084
241~300 days past due	447	53.91%	241
301~360 days past due	3,642	99.95%	3,640
Over 360 days past due	13,387	100%	13,387
	$ 559,203		21,208

An analysis of the expected credit losses on bills and accounts receivable from overseas jurisdictions of the Consolidated Company is as follows:

	2023.12.31		
	Carrying amount of bills and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period of continuation
Not overdue	$ 156,660	0.36%	566
Within 120 days of expiration	9,939	4.19%	416
121~180 days of expiration	8,415	17.61%	1,482
181~240 days past due	8,149	21.34%	1,739
241~300 days past due	2,502	28.74%	719
301~360 days past due	31	41.94%	13
Over 360 days past due	14,618	100.00%	14,618
	$ 200,314		19,553

	2022.12.31		
	Carrying amount of bills and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period of continuation
Not overdue	$ 140,311	0.00%	2
Within 120 days of expiration	63,397	0.02%	11
121~180 days of expiration	16,563	0.58%	96
181~240 days past due	8,902	8.72%	776
241~300 days past due	9,053	0.00%	-
301~360 days past due	16	0.00%	-
Over 360 days past due	245	100%	245
	$ 238,487		1,130

The following is a schedule of changes in the allowance for losses on notes receivable and accounts receivable of the Consolidated Company:

	2023	2022
Beginning Balance	$ 22,338	29,610
Impairment losses recognised	22,606	(6,575)
Foreign currency translation gains and losses	(955)	38
Reclassified to non-current assets held for sale	(615)	(735)
Ending Balance	$ 43,374	22,338

At December 31, 2023 and 2022, none of the Consolidated Company's notes and accounts receivable had been discounted or provided as collateral.

(6) Inventories

	2023.12.31	2022.12.31
Products	$ 58,706	79,046
Finished products	617,882	761,890
Raw Materials	237,970	311,008
Work in progress	41,842	80,030
Inventory in transit	29,427	21,499
Other Inventory	4,411	4,450
	$ 990,238	1,257,923

The breakdown of operating costs is as follows:

	2023	2022
Cost of inventories sold	$ 1,032,681	1,545,077
Loss on obsolescence of inventories	7,236	9,001
Inventory obsolescence and valuation loss	20,815	23,707
Unallocated manufacturing costs (Note)	156,585	118,287
Total	$ 1,217,317	1,696,072

Note: Unallocated manufacturing costs refer to the difference between the current manufacturing costs and those already allocated to the work order numbers based on standard manufacturing rates.

As of December 31, 2023, and 2022, none of the merged company's inventories were provided as pledge collateral.

(7) Non-current assets held for sale and liabilities directly related to the held-for-sale non-current assets

On March 23, 2023, the consolidated company's board of directors resolved to dissolve the subsidiary, Siruba Latin American Company and sub-subsidiary, Young Da LLC. The relevant liquidation procedures started from June 30, 2023. Please refer to Note 14 for an explanation of the information relating to the discontinued operation, which has been reclassified as non-current assets held for sale and liabilities directly related to the held-for-sale non-current assets are presented separately in the balance sheet. The book value of assets and liabilities held-for-sale of the subsidiary is as follows:

	2023.12.31
Property, plant and equipment (Note 6(8))	$ 9,303
Other current and non-current assets	9,096
Accounts receivable	8,815
Cash and cash equivalents	188,996
Assets of the group held for sale	**$ 216,210**
Accounts payable and other payables	422
Liabilities directly related to non-current assets held for sale	**$ 422**
Accumulated income or expense related to the group held for sale and recognized in other comprehensive income	
Exchange difference on translation of the financial statements of foreign operations	**$ 265**

The consolidated company sold the property, plant and equipment held for sale as non-current assets on July 17, 2023. The price was NT$141,175 thousand and the gain on the sale of assets was NT$90,852 thousand, recorded in other gains and losses. Please refer to note 14(5) Discontinued Operations, for relevant information.

(8) Property, Plant, and Equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Total
Cost or deemed cost:						
Balance on Jan. 1, 2023	$ 361,726	968,264	1,039,460	18,769	322,437	2,710,656
Add	-	637	251	1,967	13,974	16,829
Disposal	-	(335)	(370)	(9)	(9,101)	(9,815)
Reclassified to non-current assets held for sale	(22,452)	(38,836)	-	-	(1,559)	(62,847)
Effect of exchange rate changes	306	(8,652)	(16,913)	(166)	(4,479)	(29,904)
Balance on Dec.31, 2023	**$ 339,580**	**921,078**	**1,022,428**	**20,561**	**321,272**	**2,624,919**
Balance on Jan. 1, 2022	$ 359,541	965,562	1,250,608	18,593	285,116	2,879,420
Add	-	-	874	49	21,383	22,306
Disposal	-	(3,360)	(16,680)	-	(6,336)	(26,376)
Reclassification	-	(6,547)	(214,561)	-	18,457	(202,651)
Effect of exchange rate changes	2,185	12,609	19,219	127	3,817	37,957
Balance on Dec.31, 2022	**$ 361,726**	**968,264**	**1,039,460**	**18,769**	**322,437**	**2,710,656**

Depreciation:						
Balance on Jan. 1, 2023	$ -	457,253	990,148	11,638	277,498	1,736,537
Depreciation	-	36,340	9,621	2,543	15,299	63,803
Disposal	-	(335)	(370)	(9)	(8,756)	(9,470)
Reclassified to non-current assets held for sale	-	(11,408)	-	-	(1,350)	(12,758)
Effect of exchange rate changes	-	(6,759)	(16,432)	(131)	(3,762)	(27,084)
Balance on Dec.31, 2023	$ -	475,091	982,967	14,041	278,929	1,751,028
Balance on Jan. 1, 2022	$ -	421,229	1,191,801	9,202	262,939	1,885,171
Depreciation	-	36,934	10,453	2,362	13,742	63,491
Disposal	-	(774)	(16,099)	-	(6,326)	(23,199)
Reclassification	-	(6,547)	(214,561)	-	3,748	(217,360)
Effect of exchange rate changes	-	6,411	18,554	74	3,395	28,434
Balance on Dec.31, 2022	$ -	457,253	990,148	11,638	277,498	1,736,537
Carrying amount:						
Dec.31, 2023	$ 339,580	445,987	39,461	6,520	42,343	873,891
Jan. 1, 2022	$ 359,541	544,333	58,807	9,391	22,177	994,249
Dec.31, 2022	$ 361,726	511,011	49,312	7,131	44,939	974,119

As at 31 December 2023 and 2022, none of the Consolidated Company's property, plant and equipment was pledged as security.

(9) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance on Jan. 1, 2023	$ 59,473	3,573	1,060	64,106
Effect of exchange rate changes	(1,001)	-	(18)	(1,019)
Balance on Dec.31, 2023	$ 58,472	3,573	1,042	63,087
Balance on Jan. 1, 2022	$ 58,557	3,573	1,044	63,174
Effect of exchange rate changes	916	-	16	932
Balance on Dec.31, 2022	$ 59,473	3,573	1,060	64,106
Depreciation:				
Balance on Jan. 1, 2023	$ 20,716	2,144	648	23,508
Provision for depreciation	1,193	714	355	2,262
Effect of exchange rate changes	(373)	-	(18)	(391)
Balance on Dec.31, 2023	$ 21,536	2,858	985	25,379
Balance on Jan. 1, 2022	$ 19,226	1,429	290	20,945
Provision for depreciation	1,196	715	355	2,266
Effect of exchange rate changes	294	-	3	297
Balance on Dec.31, 2022	$ 20,716	2,144	648	23,508
Carrying amount:				
Dec.31, 2023	$ 36,936	715	57	37,708
Jan. 1, 2022	$ 39,331	2,144	754	42,229
Dec.31, 2022	$ 38,757	1,429	412	40,598

The consolidated company leases the land use rights in China and subleases it through operating leases. The related usage right assets are reported as investment property, please refer to Note 6 (10). The above-mentioned usage right asset-related amount does not include usage right assets that meet the definition of investment property.

As of December 31, 2023, and 2022, none of the merged company's right-of-use assets were provided as collateral.

(10) Investment Property

Investment property includes the land use rights of the merged company's own assets and those leased to third parties through operating leases. The original non-cancellable period for leased investment properties is three to five years, and the lessee does not have an option to extend the period at the end of the term.

The rental income of the leased investment property is a fixed amount.

		Owned assets		Right-of-use assets	
		Land	Buildings and constructions	Land use rights	Total
Cost:					
Balance on Jan. 1, 2023	$	178,782	92,638	5,346	276,766
Effect of changes in exchange rates		-	(646)	(90)	(736)
Balance on Dec.31, 2023	$	178,782	91,992	5,256	276,030
Balance on Jan. 1, 2022	$	178,782	92,046	5,264	276,092
Effect of changes in exchange rates		-	592	82	674
Balance on Dec.31, 2022	$	178,782	92,638	5,346	276,766
Depreciation:					
Balance on Jan. 1, 2023	$	-	76,308	2,577	78,885
Provision for depreciation		-	2,283	120	2,403
Effect of changes in exchange rates		-	(417)	(46)	(463)
Balance on Dec.31, 2023	$	-	78,174	2,651	80,825
Balance on Jan. 1, 2022	$	-	73,718	2,419	76,137
Provision for depreciation		-	2,297	121	2,418
Effect of changes in exchange rates		-	293	37	330
Balance on Dec.31, 2022	$	-	76,308	2,577	78,885

	Owned assets		Right-of-use assets	
	Land	House and building	Land use rights	Total
Carrying amount:				
Dec.31, 2023	$ 178,782	13,818	2,605	195,205
Jan. 1, 2022	$ 178,782	18,328	2,845	199,955
Dec.31, 2022	$ 178,782	16,330	2,769	197,881

The fair value of investment property is based on the valuation of an independent valuer (with recognized relevant professional qualifications and recent experience in the location and type of investment property being valued). The input values used in its fair value valuation technique are of the third level.

The fair value of the investment property located in Yinzhou District, Ningbo City, mainland China, of the merged company, is measured by the independent valuation agency Ningbo Wei Yuan Assessment Office on each balance sheet date with third-level input values. The valuation refers to market evidence of similar real estate transaction prices, and the fair value obtained from the valuation is as follows:

	2023.12.31	2022.12.31
Fair value	$ 80,578	75,862

The fair value of the investment property located in Taoyuan City of the merged company is measured by the independent valuation company Sinyi Real Estate Appraisal Joint Office on each balance sheet date with third-level input values. The valuation uses a comparison method and income approach, and the fair value obtained from the valuation is as follows:

	2023.12.31	2022.12.31
Fair value	$ 506,072	472,164

As of December 31, 2023, and 2022, none of the merged company's investment properties were provided as pledge collateral.

(11) Intangible assets

	Goodwill	PC software	Total
Cost:			
Balance on Jan. 1, 2023	$ 23,026	36,660	59,686
Obtained separately	-	6,091	6,091
Disposal	-	(3,562)	(3,562)
Effect of changes in exchange rates	-	(156)	(156)
Balance on Dec.31, 2023	$ 23,026	39,033	62,059
Balance on Jan. 1, 2022	$ 23,026	30,392	53,418
Obtained separately	-	9,123	9,123
Disposal	-	(2,979)	(2,979)
Effect of changes in exchange rates	-	124	124
Balance on Dec.31, 2022	$ 23,026	36,660	59,686

		Goodwill	PC software	Total
Depreciation:				
Balance on Jan. 1, 2023	$	-	28,782	28,782
Amortisation		-	5,935	5,935
Disposal		-	(3,562)	(3,562)
Effect of changes in exchange rates		-	(118)	(118)
Balance on Dec.31, 2023	$	-	31,037	31,037
Balance on Jan. 1, 2022	$	-	25,287	25,287
Amortisation		-	6,411	6,411
Disposal		-	(2,979)	(2,979)
Effect of changes in exchange rates		-	63	63
Balance on Dec.31, 2022	$	-	28,782	28,782
Carrying amount:				
Dec.31, 2023	$	23,026	7,996	31,022
Jan. 1, 2022	$	23,026	5,105	28,131
Dec.31, 2022	$	23,026	7,878	30,904

1. Amortization expense

Amortization expense for intangible assets for the years 2023 and 2022 is reported in the Consolidated Statement of Comprehensive Income as follows:

		2023	2022
Operating cost	$	847	412
Operating expense	$	5,088	5,999

2. Guarantee

At 31 December 2023 and 2022, the Consolidated Company's intangible assets were not pledged as security.

(12) Other current assets and Other non-current assets

		2023.12.31	2022.12.31
Other current assets			
Other payables	$	7,858	4,791
Other		384	446
	$	8,242	5,237
Other non-current assets			
Refundable deposits	$	1,655	4,199
Prepayment for equipment		5,483	-
Other		443	724
	$	7,581	4,923

(13) Short-term loans

	2023.12.31	2022.12.31
Unsecured bank loans	$ 100,000	253,549
Unused credit	$ 400,000	400,000
Interest Rate Range	1.77%	1.36%~5.74%

(14) Lease liabilities

The carrying amounts of the Consolidated Company's lease liabilities are as follows:

	2023.12.31	2022.12.31
Current	$ 799	1,093
Non-current	$ -	800

For maturity analysis, please refer to Note 6(24) Financial instruments.

The amounts recognized in profit or loss for leases are as follows:

	2023	2022
Interest expense on lease liabilities	$ 29	58
Short-term lease expenses	$ 2,843	2,962
Lease expenses of low-value assets (excluding short term leases which are low value leases)	$ 103	88

Leases were recognized in the cash flow statement as follows:

	2023	2022
Total amount of cash outflow from lease	$ 4,069	4,174

1. Lease of land, buildings, and construction

The merged company rents several lands in China, with a lease period of 50 years. At the end of the lease period, the merged company does not have a preferential purchase right for the leased land.

The merged company rents buildings for store use, with a lease period of 5 years. At the end of the lease period, the merged company does not have a preferential purchase right for the leased building, and it is agreed that the merged company may not sublet or transfer all or part of the lease object without the lessor's consent.

The merged company expects the proportion of fixed and variable rent payments in future years to be roughly consistent with the current period.

2. Other leases

The merged company chooses to apply the exemption of recognizing short-term leases for stores that meet the criteria, and does not recognize related right-of-use assets and lease liabilities for these leases.

(15) Other payables

	2023.12.31	2022.12.31
Other payables:		
Salaries and bonuses payable	$ 25,660	42,686
Commissions payable	19,919	18,814
Remuneration of staff and directors and supervisors	2,634	12,048
Payable for untaken leave	6,765	7,252
Others	45,992	53,007
	$ 100,970	133,807

(16) Operating leases

The consolidated company leases out its investment properties. As it has not transferred almost all risks and rewards attached to the ownership of the target assets, these lease contracts are classified as operating leases. Please refer to Note 6 (10) Investment property for details.

The maturity analysis of lease payments is listed in the following table with the total undiscounted lease payments to be collected after the reporting date:

	2023.12.31	2022.12.31
Less than one year	$ 22,548	24,312
One to two years	16,904	24,400
Two to three years	13,950	15,869
Three to four years	14,400	14,400
Four to five years	-	12,000
Total undiscounted lease payments	$ 67,802	90,981

(17) Employee benefits

1. Defined contribution plan

A reconciliation of the present value of the Consolidated Company's defined benefit obligation to the fair value of plan assets is as follows:

	2023.12.31	2022.12.31
Current value of defined benefit obligations	$ 54,549	56,785
Fair value of plan assets	(39,702)	(36,005)
Net defined benefit liability	$ 14,847	20,780

The merged company allocates its defined benefit plan to the special account for labor retirement reserve at Bank of Taiwan. The retirement payment for each employee subject to the Labor Standards Act is calculated based on the basis obtained from years of service and the average salary of the six months before retirement.

(1) Composition of plan assets

The retirement fund provided by the merged company in accordance with the Labor Standards Act is managed by the Labor Fund Bureau of the Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). According to the "Regulations on the Receipt, Custody, and Use of Labor Retirement Funds," the use of the fund, the minimum annual revenue allocated, should not be lower than the revenue calculated at the local bank's two-year fixed deposit rate.

As of the reporting date, the balance of the Labor Retirement Reserve special account at Bank of Taiwan of the consolidated company is NT$39,702 thousand. The information on the use of labor retirement fund assets includes fund return rates and asset allocation of the fund, please refer to the information published on the website of the Labor Fund Bureau of the Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of the defined benefit obligations of the consolidated company for the fiscal year 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligation at 1 January	$	56,785	68,053
Service cost and interest in the period		926	548
-Actuarial gains and losses arising from changes in financial assumptions		482	(2,940)
Gains and losses arising from prior service costs		(2,147)	7,399
Benefits planned to be paid		(1,497)	(16,275)
Defined benefit obligation at 31 December	$	54,549	56,785

(3) Changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the consolidated company for the fiscal year 2023 and 2022 are as follows:

		2023	2022
Fair value of plan assets at 1 January	$	(36,005)	(41,956)
Interest income		(500)	(212)
－Return on plan assets (Excluding current interest)		(323)	(3,280)
Contributions from scheme participants		(4,371)	(6,832)
Benefits paid by the plan		1,497	16,275
Fair value of plan assets at 31 December	$	(39,702)	(36,005)

(4) Costs recognized in profit or loss

The following is a breakdown of the expenses reported as expenses by the Consolidated Company for the years 2023 and 2022:

		2023	2022
Service cost in the period	$	926	548
Net interest on net defined benefit liabilities (assets)		(500)	(212)
	$	426	336

		2023	2022
Operating cost	$	67	49
Promotion expense		14	15
Administration expense		326	260
R&D expenses		19	12
Total	$	426	336

(5) Actuarial assumptions

The significant actuarial assumptions used by the Consolidated Company to determine the present value of the defined benefit obligation at the reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.375%
Growth rate of salary	3.000%	3.000%

The merged company expects to pay a contribution of NT$ 681 thousand to the defined benefit plan within one year after the reporting date of the 2023 fiscal year.

The weighted average durations of the defined benefit plans in 2023 and 2022 were 7.1 years and 7.9 years, respectively.

(6) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted as of December 31, 2023, and 2022, on the present value of defined benefit obligations are as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (change 0.25%)	$ (958)	983
Growth rate of salary (change 0.25%)	949	(930)
Dec. 31, 2022		
Discount rate (change 0.25%)	$ (1,102)	1,134
Growth rate of salary (change 0.25%)	1,096	(1,071)

The above sensitivity analysis is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liability on the balance sheet.

The method and assumptions used to prepare the sensitivity analysis this period are the same as those of the previous period.

2. Defined contribution plan

The merged company's defined contribution plan is in accordance with the provisions of the Labor Pension Act. According to the contribution rate of 6% of the workers' monthly wages, it is contributed to the personal account of the Labor Pension of the Labor Insurance Bureau. After the merged company has contributed a fixed amount to the Labor Insurance Bureau under this plan, there is no legal or implied obligation to pay additional amounts.

Employees of the company's subsidiaries in China, the United States, and Vietnam are members of the retirement benefit plans operated by the governments of China, the United States, and Vietnam. These subsidiaries are required to contribute a certain proportion of their salaries to the retirement benefit plan to provide funds for the plan. The obligation of these subsidiaries to this government-operated retirement benefit plan is only to contribute a specific amount.

The retirement pension expenses under the defined contribution pension method of the merged company for the fiscal year 2023 and 2022 are NT$13,657 thousand and NT$14,583 thousand, respectively, which have been contributed to the Labor Insurance Bureau.

(18) Income tax

1. Income tax expenses

A breakdown of the Consolidated Company's income tax expense for the years 2023 and 2022 is as follows:

		2023	2022
Current income tax expense			
Generated in the fiscal year	$	12,004	131,992
Adjustments for the prior year		824	3,631
Deferred income tax expense			
Occurrence and Reversal of Temporal Differences		(5,291)	(62,620)
Income tax expenses	$	7,537	73,003

2. A breakdown of the Consolidated Company's income tax expense (benefit) recognized under other comprehensive income in fiscal 2023 and 2022 is as follows:

		2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	$	398	(236)
Gains or losses on valuation of financial assets at fair value through other comprehensive income		(152)	(2,039)
Subtotal	$	246	(2,275)
Components of other comprehensive income that will be reclassified to profit or loss:			
Exchange difference on translation of the financial statements of foreign operations	$	(6,077)	11,226

A reconciliation of the Consolidated Company's income tax expense (benefit) to net income before income taxes for fiscal years 2023 and 2022 is as follows:

		2023	2022
Net profit (loss) before tax	$	(41,872)	259,401
Income tax at the Company's domestic tax rate	$	(8,374)	51,878
Non-deductible expenses		1,151	(2,251)
Tax incentives		(1,665)	(2,859)
Deferred income tax effect on earnings of subsidiaries		4,407	13,184
Unrecognized loss carryforwards		-	(4,599)
Effect of different tax rates applied to the consolidated entities		8,546	12,839
Adjustments to current income tax in prior years		824	3,631
Additions to undistributed earnings		2,648	1,180
Income tax expenses	$	7,537	73,003

Please refer to Note 14(5) for the disclosure of income tax of the discontinued operation.

3. Deferred income tax assets and liabilities

(1) Deferred income tax assets and liabilities recognised

Changes in deferred income tax assets and liabilities are as follows:

Deferred tax assets:

	2023.12.31					
	Beginning Balance	Debit/Loan Statement	Debit/ credit to other comprehensive income statement	Exchange difference on translation of the financial statements of foreign operations	Debit/ credit equity	Ending Balance
Financial assets at fair value through other comprehensive income	$ 9,250	-	152	-	(9,402)	-
Exchange differences on translation of foreign operating institutions' statements	-	-	1,918	-	-	1,918
Defined Benefit Plan	9,740	(789)	(398)	-	-	8,553
Unused leave bonus	1,539	(96)	-	(8)	-	1,435
Allowance for losses	76	(76)	-	-	-	-
Loss on decline in value of inventories	29,987	3,331	-	(301)	-	33,017
Unrealised gross profit on sales	4,426	(1,308)	-	-	-	3,118
Adjustment for salvage value of fixed assets	27,861	665	-	(484)	-	28,042
Unrealized exchange losses	-	3,405	-	-	-	3,405
Other	400	2	-	-	-	402
Total	$ 83,279	5,134	1,672	(793)	(9,402)	79,890

	2022.12.31				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Exchange difference on translation of the financial statements of foreign operations	Ending Balance
Financial assets at fair value through other comprehensive income	$ 7,211	-	2,039	-	9,250
Exchange differences on translation of foreign operating institutions' statements	7,067	-	(7,067)	-	-
Defined Benefit Plan	10,803	(1,299)	236	-	9,740
Unused leave bonus	1,537	(5)	-	7	1,539
Allowance for losses	21	55	-	-	76
Loss on decline in value of inventories	25,807	3,944	-	236	29,987
Unrealised gross profit on sales	2,470	1,956	-	-	4,426
Adjustment for salvage value of fixed assets	27,176	261	-	424	27,861
Unrealised exchange gain or loss	5,298	(5,298)	-	-	-
Other	431	(31)	-	-	400
Total	$ 87,821	(417)	(4,792)	667	83,279

Deferred income tax liabilities:

	2023.12.31				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Exchange difference on translation of the financial statements of foreign operations	Ending Balance
Undistributed earnings of subsidiaries	$ 191,776	4,407	-	-	196,183
Exchange difference on translation of the financial statements of foreign operations	4,159	-	(4,159)	-	-
Unrealized exchange gain	4,564	(4,564)	-	-	-
Total	$ 200,499	(157)	(4,159)	-	196,183

	2022.12.31				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Exchange difference on translation of the financial statements of foreign operations	Ending Balance
Undistributed earnings of subsidiaries	$ 259,377	(67,601)	-	-	191,776
Exchange difference on translation of the financial statements of foreign operations	-	-	4,159	-	4,159
Unrealised exchange gain or loss	-	4,564	-	-	4,564
Total	$ 259,377	(63,037)	4,159	-	200,499

The consolidated company's business income tax settlement has been assessed by the tax collection authorities up to 2021.

(19) Capital and other interests

The Company's authorized share capital amounted to NT$2,000,000 thousand with 200,000 thousand shares issued at a par value of NT$10 per share on December 31, 2023 and 2022, respectively, and 183,608 thousand shares were issued. All payments on the issued shares have been collected.

1. Common share

A reconciliation of the number of outstanding shares of the Consolidated Company in 2023 and 2022 is as follows:

(Expressed in thousands of shares)

	2023.12.31	2022.12.31
Issued shares	183,608	183,608
Less: Treasury shares	$ (1,500)	(1,500)
Outstanding shares	182,108	182,108

2. Capital reserves

The balance of the Company's capital reserve is as follows:

		2023.12.31	2022.12.31
Share issue premium	$	85,553	85,553
Consolidation Premium		114,042	114,042
Other		58	4
	$	199,653	199,599

According to the company law, the capital reserve must first be used to offset losses before new shares or cash can be distributed according to the proportion of the original shares held by the shareholders using the realized capital reserve. The realized capital reserve mentioned above includes the excess proceeds from issuing shares at more than their par value and the proceeds from accepting donations. In accordance with the rules for handling the issuance of securities by issuers, the capital reserve that can be used for capital replenishment cannot exceed ten percent of the paid-in capital each year.

When employees of the company leave during the stock trust period, the Employee Welfare Trust Plan Committee will sell the trust-held shares of the resigned employees to third parties according to the trust agreement. The net amount of the proceeds from the disposal, minus the amount to be returned to the employees, is remitted back to the company. In 2023 and 2022, the amount is NT$54,000 and NT$4,000, respectively, and is credited to the equity account item of capital reserve - share issuance premium after the company repurchases and reissues the shares.

3. Retained Earnings

According to the articles of association of the consolidated company, if there is a surplus in the annual final settlement, taxes shall be paid first, followed by making up for the losses of previous years, then setting aside 10% of the statutory earnings reserve. However, this restriction does not apply when the statutory earnings reserve has reached the company's paid-in capital. In addition, a special earnings reserve shall be set aside based on the company's operating needs and legal provisions. If there is still a surplus, along with the undistributed earnings from the beginning of the period, the board of directors shall propose a profit distribution plan to be resolved at the shareholders' meeting.

The statutory earnings reserve should be set aside until the balance reaches the total amount of the company's paid-in capital. The statutory earnings reserve can be used to offset losses.

The company sets aside and reverses the special earnings reserve according to the regulations of the Financial Supervisory Commission with reference number JING-GUAN-ZHENG-FA-TZU-1090150022.

(1) Statutory earnings reserve

When the company has no losses, it may distribute new shares or cash to shareholders based on the statutory earnings reserve, subject to a resolution by the shareholders' meeting. However, the distribution is limited to the portion of the reserve exceeding 25% of the paid-in capital.

(2) Special earnings reserve

According to the regulations of the Financial Supervisory Commission, when distributing the distributable earnings of the company, the difference between the net amount of other equity items reduced in the current year and the balance of the special earnings reserve set aside in the previous paragraph shall be set aside from the current period's profit and loss and the undistributed earnings of previous periods. The accumulated amount of other equity items reduced in previous periods shall not be distributed and shall be set aside from the undistributed earnings of previous periods as a special earnings reserve. Subsequently, when other equity items are reversed, the distributable earnings can be distributed based on the reversed portion.

(3) Profit distribution

The consolidated company resolved the profit distribution plans for 2022 and 2021 at the annual general meetings held on June 30, 2023 and June 24, 2022, respectively. The dividends distributed to the owners are as follows:

	2022		2021	
	Allotment Rate ($)	Amount	Allotment Rate ($)	Amount
Dividends distributed to ordinary shareholders:				
Cash	0.80	$ 145,687	0.70	127,476

On March 14, 2024, the consolidated company's Board of Directors proposed the appropriation of the 2023 earnings in respect of the distribution of dividends to owners as follows:

	2023	
	Allotment Rate ($)	Amount
Cash	$ 0.20	$ 36,422

4. Treasury Stock

On March 25, 2021, the company resolved in a board meeting to incentivize employee morale and retain excellent talents by proposing to purchase treasury stock to transfer to employees. It is estimated that 3,000 thousand shares of the company's common stock will be repurchased from March 26, 2021, to May 24, 2021. The repurchase price range is from 13 yuan to 19 yuan per share, and repurchases can continue if the stock price falls below the lower limit of the repurchase price range. As of December 31, 2023, 1,500 thousand shares have been repurchased and not yet cancelled.

The company's held treasury stock cannot be pledged according to the Securities Trading Law and cannot enjoy shareholder rights before transfer.

5. Other equity (net after tax)

	Exchange difference on translation of the financial statements of foreign operations	Financial assets measured at fair value through other comprehensive income Unrealized gains or losses	Total
Balance on Jan. 1, 2023	$ (128,307)	(37,001)	(165,308)
Exchange differences on translation	(24,305)	-	(24,305)
Unrealized valuation loss of financial assets measured at fair value through other comprehensive income	-	(608)	(608)
Disposal of equity instruments at fair value through other comprehensive income	-	37,609	37,609
Balance on Dec.31, 2023	$ (152,612)	-	(152,612)

	Exchange difference on translation of the financial statements of foreign operations	Financial assets measured at fair value through other comprehensive income Unrealized gains or losses	Total
Balance on Jan. 1, 2022	$ (173,209)	(28,843)	(202,052)
Exchange differences on translation	44,902	-	44,902
Unrealized valuation loss of financial assets measured at fair value through other comprehensive income	-	(8,158)	(8,158)
Balance on Dec.31, 2022	$ (128,307)	(37,001)	(165,308)

(20) Earnings Per Share

1. Basic earnings per share

	2023			2022		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Net income (loss) attributable to the Company	$ (49,409)	63,434	14,025	186,398	63	186,461
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,108	182,108	182,108	182,108	182,108
Basic earnings (losses) per share (NTD)	$ (0.27)	0.35	0.08	1.02	-	1.02

2. Diluted earnings per share

	2023			2022		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Net income (loss) attributable to the Company	$ (49,409)	63,434	14,025	186,398	63	186,461
Net profit attributable to equity holders of the Company's ordinary shares (in thousands)	$ (49,409)	63,434	14,025	186,398	63	186,461
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,108	182,108	182,108	182,108	182,108
Effect of employee stock-based compensation (thousands of shares)	272	272	272	713	713	713
Weighted average number of common shares outstanding (after adjusting for the effect of dilutive potential common shares) (thousands)	182,380	182,380	182,380	182,821	182,821	182,821
Diluted earnings per share (NT$)	$ (0.27)	0.35	0.08	1.02	-	1.02

(21) Income from customer contracts

1. Breakdown of income

		2023	2022
Main regional markets:			
Mainland China	$	349,420	450,820
India		211,738	239,110
Japan		12,108	419,204
Asia		136,650	339,060
Latin America		337,797	202,707
Other countries		372,849	450,881
	$	1,420,562	2,101,782
Main product/service lines:			
Sewing machine for thin material	$	825,924	1,512,005
Sewing machine for thick material		594,638	589,777
	$	1,420,562	2,101,782

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Notes receivable and accounts receivable	$ 603,912	775,352	1,018,836

	2023.12.31	2022.12.31	2022.1.1
Contract liabilities	$ 15,475	22,806	48,054

Please refer to Note 6 (5) for the disclosure of impairment of notes receivable and accounts receivable.

The changes in contract assets and contract liabilities mainly come from the difference between the time when the merged company transfers goods or services to customers to meet performance obligations and the time when customers pay.

(22) Remuneration to employees and directors

According to the company's articles of association, if there is profit in the year, 2% to 8% should be allocated for employee remuneration and not more than 3% for director and supervisor remuneration. But when the company still has accumulated losses, it should reserve an amount to offset it in advance. The beneficiaries of the aforementioned employee remuneration in shares or cash include employees of subsidiary companies who meet certain conditions.

The estimated amounts of employee remuneration for the fiscal year 2023 and 2022 are NT$1,916 thousand and NT$8,434 thousand, respectively, and the estimated amounts of remuneration for directors and supervisors are NT$718 thousand and NT$3,614 thousand, respectively. The estimate is based on the company's pre-tax net profit for the period minus the amount before employee and director and supervisor remuneration times the distribution percentage for employee remuneration and director and supervisor remuneration set by the company's articles of association. The amount of employee and director and supervisor remuneration distributed by the board of directors' resolution mentioned above is no different from the estimated amounts in the 2023 and 2022 consolidated financial statements of the company.

(23) Non-operating revenue/expense

1. Interest income

A breakdown of the Consolidated Company's interest income for the years 2023 and 2022 is as follows:

		2023	2022
Bank Deposit Interest	$	29,216	15,945

2. Other income

A breakdown of the Consolidated Company's other income for the years 2023 and 2022 is as follows:

		2023	2022
Rental income	$	24,220	21,840
Dividend income		771	990
Other income - Other		8,179	12,130
	$	33,170	34,960

3. Other benefits and losses

A breakdown of the Consolidated Company's other gains and losses for the years 2023 and 2022 is as follows:

		2023	2022
(Loss) gain on disposal and scrapping of property, plant and equipment	$	1,313	488
Net (loss) gain (loss) on foreign currency exchange		8,982	127,570
Other		(5,175)	(6,050)
	$	5,120	122,008

4. Financial costsrup

The financial cost breakdown of the Consolidated Company for FY2023 and FY2022 is as follows:

		2023	2022
Interest on bank loans	$	(4,019)	(8,032)
Interest on lease liabilities		(41)	(58)
	$	(4,060)	(8,090)

(24) Financial instruments

1. Credit risk

(1) Maximum credit exposure

The book value of financial assets represents the maximum credit exposure.

(2) Credit risk of receivables

The policy adopted by the consolidated company is to only transact with entities of excellent reputation and obtain sufficient guarantees when necessary to mitigate the risk of financial loss due to default. The consolidated company continuously monitors credit exposure and credit ratings of counterparties and diversifies the total transaction amount among customers qualified for different credit ratings. Credit exposure is controlled through annual review and approval of credit limits for counterparties by the President.

Notes and accounts receivable are from many customers in different industries and geographical areas. The consolidated company continuously evaluates the financial condition of customers with notes and accounts receivable, and will also purchase credit guarantee insurance contracts when necessary.

(3) Concentration of credit risk

The credit risk of the combined company by region mainly comes from some customers who are in politically and economically unstable environments or areas with foreign exchange controls. As of December 31, 2023, and 2022, the receivables and accounts receivable from these customers accounted for approximately 46% and 36% of the total receivables and accounts receivable, respectively.

The credit risk of the combined company by customer is mainly concentrated in the two major customers located in the aforementioned regions. As of December 31, 2023, and 2022, the total amount of accounts receivable from the aforementioned customers accounted for 29% and 27% respectively.

2. Liquidity risk

The table below is the contract maturity date of financial liabilities, including estimated interest but not the effect of net amount agreements.

	Carrying amount	Contractual Cash Flow	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
December 31, 2023							
Non-derivative financial liability							
No interest-bearing liabilities	$ 251,055	251,054	57,061	110,862	82,902	229	-
Lease liabilities	799	806	93	155	558	-	-
Floating Rate Instrument	100,000	101,260	150	291	100,819	-	-
	$ 351,854	**353,120**	**57,304**	**111,308**	**184,279**	**229**	**-**
Dec. 31, 2022							
Non-derivative financial liability							
No interest-bearing liabilities	$ 305,958	305,958	75,602	145,782	84,141	433	-
Lease liabilities	1,893	1,930	94	281	748	807	-
Floating Rate Instrument	253,549	255,450	506	154,512	100,432	-	-
	$ 561,400	**563,338**	**76,202**	**300,575**	**185,321**	**1,240**	**-**

The combined company does not expect the cash flow of the maturity date analysis to occur significantly earlier, or the actual amount will be significantly different.

3. Exchange Rate Risk

(1) Exposure to exchange rate risk

The combined company's exposure to significant foreign currency exchange rate risk is as follows for financial assets and liabilities:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange Rate	TWD	Foreign currency	Exchange Rate	TWD
Financial assets						
Monetary items						
RMB/NTD	$ 26,755	4.3352	115,990	23,438	4.4094	103,349
USD/NTD	28,663	30.71	880,104	44,168	30.7100	1,356,390
USD/RMB	6,528	7.0827	200,439	13,930	6.9646	427,780
Non-monetary items						
JPY/NTD	-	-	-	103,903	0.2324	24,147

Financial liabilities						
Monetary items						
USD/NTD	6,649	30.71	204,144	13,197	30.7100	405,280
USD/RMB	1,231	7.0827	37,811	5,898	6.9646	181,143

(2) Sensitivity Analysis

The exchange rate risk of the combined company's monetary items mainly comes from cash and cash equivalents, receivables, financial assets measured at fair value through other comprehensive income, borrowings and payable items that are denominated in foreign currencies, resulting in foreign currency exchange gains and losses during conversion. As of December 31, 2023 and 2022, if the New Taiwan dollar depreciates or appreciates by 5% relative to the US dollar, RMB, and Yen, with all other factors remaining the same, the net profit after tax for 2023 and 2022 will increase or decrease by NT$47,729,000 and NT$65,055,000, respectively.

(3) Exchange loss on monetary items

Due to the variety of functional currencies in the combined company, the information on exchange losses on monetary items is disclosed in a consolidated manner. The foreign exchange gains (losses) (including realized and unrealized) in 2023 and 2022 were NT$8,982 and NT$127,570 thousand, respectively.

4. Interest Rate Risk

The entities within the combined company deposit funds at both fixed and floating interest rates and borrow funds at floating interest rates, resulting in interest rate exposure.

The interest rate exposure of the combined company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The sensitivity analysis below is determined based on the interest rate exposure of non-derivative instruments on the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of assets and liabilities outstanding on the reporting date circulates throughout the year. The change rate used when reporting interest rates to main management personnel internally is an increase or decrease of 1%, which also represents the evaluation of the reasonably possible change range of interest rates by management personnel.

If the interest rate increases or decreases by 1%, with all other variables remaining unchanged, the net profit of the combined company in 2023 and 2022 will decrease or increase by NT$2,257 thousand and NT$4,523 thousand, respectively, mainly due to the exposure of the combined company's variable rate borrowings and variable rate bank deposits.

5. Other Price Risks

The combined company is exposed to equity price risk due to investments in listed equity securities. Such equity investments are not held for trading but are strategic investments. The combined company has not actively traded these investments. The equity price risk of the combined company is mainly concentrated in the equity instruments of the same industry listed on the Japan Stock Exchange.

If the fair value of equity increases by 5% or decreases by 5%, the comprehensive income for the year 2022 will increase/decrease by NT$1,207,000, due to the changes in the fair value of financial assets measured at fair value through other comprehensive income.

6.Fair Value Information

(1) Types and fair value of financial instruments

The fair value of financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income by the consolidated company is based on their repetitiveness. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information, but excluding financial instruments whose carrying amounts are reasonable approximations of fair value and lease liabilities, which are not required to disclose fair value information) are presented as follows:

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Overseas Listed (Over-the-Counter) Stocks	$ 24,147	24,147	-	-	24,147

(2) Fair value measurement techniques for financial instruments measured at fair value

When financial instruments have active market quoted prices, their fair value is determined based on the active market quoted prices.

(25) Financial Risk Management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note expresses the disclosure of the above-mentioned risks, the objectives, policies, and procedures for measuring and managing risks by the consolidated company. Please refer to the respective notes for further quantitative disclosure.

2. Risk management framework

The main financial instruments of the consolidated company include equity instrument investments, accounts receivable, accounts payable, lease liabilities, and borrowings. The financial management department of the consolidated company provides services to various business units, coordinating and supervising the operations related to financial risk by analyzing internal risk reports on the severity and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The financial management department reports to the Board of Directors quarterly.

The establishment of the consolidated company's risk management policy is to identify and analyze the risks faced by the consolidated company, set appropriate risk limits and controls, and monitor compliance with risks and risk limits. The risk management policy and system are regularly reviewed to reflect market conditions and changes in the operations of the consolidated company. Through training, management guidelines, and operating procedures, the consolidated company develops a disciplined and constructive control environment to ensure that all employees understand their roles and obligations.

The Audit Committee of the consolidated company oversees how management monitors compliance with the consolidated company's risk management policies and procedures and reviews the adequacy of the relevant risk management framework for the risks faced by the consolidated company. Internal auditors assist the Audit Committee in their supervisory role. These personnel conduct regular and ad hoc reviews of risk management controls and procedures and report the review results to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the consolidated company due to the inability of customers or counterparties of financial instruments to fulfill their contractual obligations. It mainly arises from accounts receivable from customers and securities investments of the consolidated company.

(1) Accounts receivable and other receivables

The policy adopted by the consolidated company is to only transact with entities of excellent reputation and obtain collateral when necessary to mitigate the risk of financial loss due to default. The consolidated company only transacts with enterprises that have credit ratings equivalent to investment grade. This information is provided by independent rating agencies. If such information cannot be obtained, the consolidated company will use other publicly available financial information and transaction records to rate major customers. The consolidated company continuously monitors credit exposure and credit ratings of counterparties and diversifies the total transaction amount among customers qualified for different credit ratings. Credit exposure is controlled through annual review and approval of credit limits for counterparties by the Risk Management Committee.

The consolidated company does not hold any collateral or other credit enhancements to mitigate credit risk associated with financial assets.

(2) Investments

Credit risk associated with bank deposits and other financial instruments is measured and monitored by the financial department of the consolidated company. Since the counterparties and obligors of the consolidated company are reputable banks and financial institutions, corporate organizations, and government agencies with investment grade or higher credit ratings, there is no significant credit risk.

(3) Guarantees

The policy of the consolidated company stipulates that financial guarantees can only be provided to wholly-owned subsidiaries. As of December 31, 2023, and 2022, the consolidated company did not provide any endorsement guarantees.

4. Liquidity Risk

The consolidated company manages and maintains an adequate level of cash and cash equivalents to support the operation of the group and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the credit status of bank financing facilities and ensures compliance with loan agreement terms.

5. Market Risk

(1) Foreign Exchange Risk

The consolidated company is exposed to foreign exchange risk arising from transactions denominated in currencies other than the functional currency and investments in foreign operating entities. The functional currency of the consolidated company is primarily New Taiwan Dollar. To manage the foreign exchange risk, the consolidated company adopts natural hedging operations. Therefore, changes in market exchange rates will cause the market prices of these financial instruments to fluctuate.

(2) Interest Rate Risk

The consolidated company is exposed to interest rate risk primarily related to cash flow fluctuations of floating-rate bank current deposits. Changes in market interest rates will result in changes in the effective interest rate of these financial instruments, causing volatility in future cash flows.

(26) Capital Management

The consolidated company engages in capital management to ensure that each enterprise within the group can continue its operations by optimizing the balance between debt and equity, maximizing shareholder returns. The overall strategy of the consolidated company has remained unchanged since its establishment.

The capital structure of the consolidated company consists of net debt (borrowings minus cash and cash equivalents) and equity attributable to the owners of the company (including share capital, capital surplus, retained earnings, and other equity items).

The consolidated company is not subject to any other external capital requirements.

(27) Non-cash Investing and Financing Activities

The non-cash investing and financing activities of the consolidated company for the years 2023 and 2022 are as follows:

1. Acquisition of right-of-use assets through lease arrangements, please refer to Note 6(9) for details.
2. Adjustments to liabilities from financing activities are shown in the following table:

	2023.1.1	Cash Flow	Change in non-cash: Exchange rate changes	Change in non-cash: Changes in Lease Payments	2023.12.31
Short-term loan	$ 253,549	(153,549)	-	-	100,000
Lease liabilities	1,893	(1,094)	-	-	799
Total liabilities from financing activities	$ 255,442	(154,643)	-	-	100,799

	2022.1.1	Cash Flow	Change in non-cash: Exchange rate changes	Change in non-cash: Changes in Lease Payments	2022.12.31
Short-term loan	$ 238,401	-	15,148	-	253,549
Lease liabilities	2,946	(1,066)	13	-	1,893
Total liabilities from financing activities	$ 241,347	(1,066)	15,161	-	255,442

7. Transaction with related parties

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company.

(2) Name of related party and its Relationships

The related parties with whom the Consolidated Company had transactions during the period covered by these consolidated financial statements are as follows:

Name of related party	Relationship with the consolidated company
KAULIN Foundation (Kaulin Foundation)	Substantial Related Parties
Lin Pei-Chia	Substantial Related Parties

(3) Significant transactions with related parties

1. Operating revenue

Significant sales by the Consolidated Company to related parties were as follows:

Accounting item	Type of related party/Name	2023	2022
Revenue from sales	Substantial Related Parties	$ 10	16

The transaction prices and payment terms for sales to related parties by the Consolidated Company are not significantly different from those for sales to non-related parties.

2. Lease

	Lease liabilities	
Type of related party/Name	2023.12.31	2022.12.31
Substantial Related Parties—Lin Pei-Chia	$ 738	1,463

Accounting item	Type of related party/Name	2023	2022
Interest expense	Substantial Related Parties—Lin Pei-Chia	$ 18	30

The Consolidated Company leases buildings from Substantial Related Parties in January 2020, all for a term of five years, at a fixed monthly lease payment based on a lease agreement with reference to rental rates for similar assets.

3. Others

Accounting item	Type of related party	2023	2022
Donation	Substantial Related Parties －KAULIN Foundation	$ 2,000	3,000

(4) Key management personnel transactions

Key management compensation includes:

	2023	2022
Short-term employee benefits	$ 29,586	21,372
Benefits after retirement	924	748
	$ 30,510	22,120

8. Pledged assets: None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

(1) Significant unrecognized contractual commitments

The consolidated company signed contracts with ARES INTERNATIONAL CORP., Neweb Technologies Co.,Ltd., and Oracle Taiwan in 2023 to provide ERP system upgrades. The total contract price was about NT$26,370 thousand. As of December 31, 2023, NT$5,250 thousand have been paid.

10. Significant Disaster Losses: None.

11. Material events after the period: None.

12. Others

(1) The employee benefits, depreciation, depletion and amortization expense functions are summarized as follows:

Function / Nature	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Staff Welfare Costs						
Salary Costs	131,897	112,165	244,062	230,458	144,579	375,037
Health Insurance Costs	4,659	10,127	14,786	4,333	11,203	15,536
Pension costs	8,257	5,826	14,083	9,244	5,675	14,919
Other staff benefit costs	11,471	5,803	17,274	16,901	6,819	23,720
Depreciation expense (Note)	44,028	22,038	66,066	42,906	22,851	65,757
Amortization expense	847	5,088	5,935	412	5,999	6,411

Note: Depreciation expenses for investment properties are reported as a deduction from other income. The amounts deducted from other income in 2023 and 2022 amounted to NT$2,403 thousand and NT$2,418 thousand, respectively.

(2) Seasonality of operation:

The operations of the consolidated company are not affected by seasonal or cyclical factors.

13. Disclosures

(1) Information on major transactions

Information about significant transactions that the Consolidated Company should disclose again in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers for 2023 is as follows:

1. Lending to others:

Unit: NT$ thousands

No.	Lending company	Borrower	Account used	Related party	Current maximum amount	Ending Balance	Actual spending Amount	Interest Rate Range	Nature of loan	Business transaction amount	The reasons for the necessity of short-term financing facility	Amount of accounted allowance loss	Collateral		Limit of loans to individual borrowers	Total limit of loans
													Name	Value		
1	KAULIN MFG.	SIRUBA Vietnam	Other receivables- Related party	Yes	112,487	17,157	17,157	2.867%	1	91,827	Operating turnover	-	None	-	91,827	717,470

Note 1: According to the Company's "Procedures for Loaning Funds to Others", the total amount lent shall not exceed 20% of the Company's net worth. The amount shall not exceed the average amount of business transactions between the two parties in the last three years. The so-called business transaction amount refers to the total amount of purchases and sales between the two parties.

Note 2: The entry method for the nature of the loaning of funds is as follows:

(1) "1" for those who have business dealings.

(2) Fill in 2 if there is a need for short-term financing.

Note 3: The above transactions have been written off when the consolidated financial statements are prepared.

Notes to the Consolidated Financial Statements of KAULIN MFG. CO., LTD. and Subsidiaries (Continued)

2. Endorsement and guarantee for others:

Unit: NT$ thousands

No.	Endorser Company Name	Endorsed by		For a single company Endorsement Guarantee Limit	The highest endorsement in this issue Guaranteed Balance (Note 2)	End-of-Term Memorization Guaranteed Balance (Note 2)	Actual spending Amount (Note 2)	Guaranteed by property Endorsement Guarantee Amount	Ratio of accumulated endorsement guarantee amount to net worth of the most recent financial statements (%)	Endorsement Guarantee Maximum limit	Parent company For subsidiaries Endorsement Guarantee	Subsidiaries For the parent company Endorsement Guarantee	Endorsement guarantee for mainland China
		Company Name	Relationships										
0	KAULIN MFG.	Ningbo KAUYIN Company	Sub-Subsidiary	1,793,676 (Note 1)	153,525	-	-	-	- %	3,587,351 (Note 3)	Y	N	Y

Note 1: The limit for guarantees and endorsements to a single enterprise is 50% of the most recent audited net worth based on the accountant's certification.
Note 2: The amounts in New Taiwan Dollar are based on the exchange rate as of December 31, 2023.
Note 3: The total amount of guarantees provided shall not exceed the most recent audited or reviewed net worth based on the accountant's certification.

3. Marketable securities held at the end of the period (Excluding investment in subsidiaries, associated undertakings and joint venture interests): None.
4. The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousands

Import (Sales) of the company	Transaction counterparty	Relationships	Transaction Scenario				Terms of Transaction is different from the general transaction and the reasons why		Receivable (paid) bills and accounts		Remark
			Import (Sales)	Amount	Percentage of total import (sales)	Credit Period	Unit price	Credit Period	Balance	Percentage of total receivables (paid) Bills and Accounts % of the ratio	
KAULIN MFG.	Ningbo KAUYIN Company	Sub-Subsidiary	Import	789,910	87 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(153,918)	(92)%	
Ningbo KAUYIN Company	KAULIN MFG.	The ultimate parent company	Sales	(789,910)	(65) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	153,918	50%	

Note 1: The above transaction amounts have been eliminated on consolidation in the preparation of the consolidated financial statements.

8. Receivables from related parties amounting to at least NT$100 million or 20 percent of the paid-in capital:

Unit: NT$ thousands

Companies with accounts receivable	Transaction counterparty	Relationships	Balance of amounts due from related parties	Turnover rate	Overdue amounts due from related parties		Amounts due from related parties recovered in the period (Note 2)	Allowance for losses
					Amount	Method		
Ningbo KAUYIN Company	KAULIN MFG.	The ultimate parent company	153,918	3.09%	-		149,220	-

Note 1: The above transaction amounts have been eliminated on consolidation in the preparation of the consolidated financial statements.
Note 2: As of March 14, 2024.

9. Engagement in derivative transactions:
Please refer to Note 6(2)

Notes to the Consolidated Financial Statements of KAULIN MFG. CO., LTD. and Subsidiaries (Continued)

10. Business Relationships, Significant Transactions, and Amount Between the Parent Company and Its Subsidiaries:

Unit: NT$ thousands

No. (Note 1)	Name of the Trader	Name of the transaction counterparty	Relationship with the Trader (Note 2)	Conditions of Transactions			
				Subjects	Amount	Terms of Transaction	As a percentage of consolidated total revenue or Total Assets (Note 3)
0	KAULIN MFG.	SIRUBA Latin America	1	Revenue from sales	(46,014)	In accordance with the terms of the contract	(3.00)%
0	KAULIN MFG.	SIRUBA Vietnam	1	Accounts receivable - related parties	74,653	In accordance with the terms of the contract	2.00%
0	KAULIN MFG.	SIRUBA Vietnam	1	Other receivables- Related party	17,157	In accordance with the terms of the contract	-%
0	KAULIN MFG.	SIRUBA Vietnam	1	Revenue from sales	21,401	In accordance with the terms of the contract	2.00%
0	KAULIN MFG.	Ningbo KAUYIN Company	1	Accounts receivable - related parties	153,918	In accordance with the terms of the contract	4.00%
0	KAULIN MFG.	Ningbo KAUYIN Company	1	Accounts receivable - related parties	22,577	In accordance with the terms of the contract	1.00%
0	KAULIN MFG.	Ningbo KAUYIN Company	1	Inventory	5,406	In accordance with the terms of the contract	-%
0	KAULIN MFG.	Ningbo KAUYIN Company	1	Revenue from sales	34,742	In accordance with the terms of the contract	2.00%
0	KAULIN MFG.	Ningbo KAUYIN Company	1	Cost of goods sold	784,503	In accordance with the terms of the contract	55.00%

Note 1: 0 represents the parent company, and the subsidiaries are numbered sequentially starting from 1.

Note 2: 1. represents transactions between the parent company and subsidiaries.

2. represents transactions between subsidiaries.

Note 3: The calculation of the ratio of transaction amounts to total consolidated revenue or total assets is based on the end-of-period balance as a percentage of total consolidated assets for asset and liability items, and based on the cumulative amount for the mid-year as a percentage of total consolidated revenue for income and expense items.

Note 4: The above transaction amounts have been offset in the preparation of the consolidated financial statements.

(2) Information about the investment business:

Information on the Consolidated Company's reinvested businesses in 2023 is as follows (excluding Mainland China investees):

Unit: NT$ thousands

Name of the Investment Company	Name of the Investee Company	Location	Main businesses	Original investment amount		Shares held as of the end of the period			Maximum shareholding ratio in the period	Investee company Profit or loss for the period	Investment gains and losses recognized in the current period	Remark
				End of the period	Late last year	Number of shares	Ratio %	Carrying amount				
KAULIN MFG.	SIRUBA Singapore	Singapore	Investments, Holdings	1,089,612	1,089,612	2,000,000	100.00%	1,664,807	100.00%	(14,585)	(4,614) (Note 3)	Subsidiary
〃	SIRUBA Latin America	United States	Sales of industrial sewing machines	50,468	50,468	300	100.00%	215,788	100.00%	63,434	63,434	Subsidiary
〃	SIRUBA Vietnam	Vietnam	Sales of industrial sewing machines	73,371	9,381	-	100.00%	9,198	100.00%	(36,786)	(36,786)	Subsidiary
SIRUBA Latin America	Young Da LLC	United States	General investment	-	61,410 (USD2,000) (Note 1)	-	100.00%	11,452	100.00%	91,690	-	Subsidiary

Note 1: Converted based on the exchange rate of USD 1: NTD 30.705 at the end of the period.

Note 2: The above amounts have been offset in the preparation of the consolidated financial statements.

Note 3: Adjustments for unrealized gains between transactions within the parent-subsidiary relationship.

Notes to the Consolidated Financial Statements of KAULIN MFG. CO., LTD. and Subsidiaries (Continued)

(3) Information of Investment from Mainland China:

1. Information on the name and main business items of the investee company in Mainland China:

Unit: NT$ thousands

Mainland China Investee Company Name	Main businesses	Paid-in capital (Note 3,5)	Investment Method	The beginning of the current period is from Accumulated remittances from Taiwan Investment Amount (Note 3)	Remittance or Investment recoveries Amount		The cumulative investment from Cumulative investment remitted from Taiwan Amounts (Note 3)	Investee company Profit or loss for the period	Shareholding percentage of the Company's direct or indirect investments	Maximum shareholding in the period	Recognized during the period Investment income or loss (Note 2)	Book value of investment at the end of the period	Repatriated investment income (Note 2, 3)
					Export	Take back							
Ningbo KAUYIN Company	Production and sales of industrial sewing machine components, accessories and equipment.	1,120,733 (USD36,500)	(1)	336,220 (USD10,950)	-	-	336,220 (USD10,950)	(14,305)	100.00%	100.00%	(4,335)	1,643,506	894,502 (USD29,132)

Note 1: Investments in Mainland China companies through reinvestment of existing companies in the third area.
Note 2: Calculated based on the financial statements audited by the parent company's certified accountants.
Note 3: The above amounts of paid-in capital, outbound investment amount, and repatriated investment income are converted based on the exchange rate of USD 1: NTD 30.705.
Note 4: The above amounts have been offset in the preparation of the consolidated financial statements.
Note 5: The actual paid-in capital of Ningbo KAOYIN Company includes the original Kaulin Electromechanical Industry (Shenzhen) Co., Ltd.'s retained earnings reinvestment and merger amount of USD 25,550 thousands.

2. Investment quota to Mainland China:

Cumulative amount of investment from Taiwan to China at the end of the period	Investment Audit Committee of Ministry of Economic Affairs approves investment in Amount (Note)	Investment quota in Mainland China according to the Investment Commission of the Ministry of Economic Affairs
336,220 (USD10,950)	1,120,733 (USD36,500)	2,152,411

Note: The approved investment amount by the Investment Commission includes the earnings reinvestment and merger amount of the original KAULIN Electromechanical Industry (Shenzhen) Co., Ltd., totaling USD 25,550,000.

3. Significant transactions with Mainland China investee companies:

For the period from January 1 to September 30, 2023, the consolidated company had significant direct or indirect transactions with Mainland China investee companies. Please refer to Note 13(1) for details.

(4) Major shareholder information:

Shares / Name of Major Shareholder	Number of shares held	Shareholding ratio
HONGLIN Investment Co.	43,263,015	23.56%
LIN, YU-WEN	15,496,873	8.44%

Note: (1) The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the last business day of each quarter, considering the common shares and preferred shares held by shareholders that have completed non-physical registration and delivery (including treasury shares), totaling more than 5% of the company's shares. The number of shares recorded in the company's financial reports as capital may differ due to different calculation bases or factors.

14. Segment Information

(1) General Information

The operating decision-makers of the consolidated company allocate resources and evaluate segment performance primarily based on financial information at the plant level. Each plant has similar economic characteristics, uses similar processes to produce similar products, and sells them through a centralized sales approach. Therefore, the consolidated company reports as a single operating segment. In addition, the segment information provided to the operating decision-makers for review is based on the same measurement basis as the financial statements. Therefore, the segment revenue and operating results for 2023 and 2022 can be referenced from the consolidated statement of comprehensive income for 2023 and 2022.

(2) Information by Product and Service

The consolidated company's revenue from external customers is as follows:

Name of product and service	2023	2022
Sewing machine for thin material	$ 825,924	1,512,005
Sewing machine for thick material	594,638	589,777
Total	$ 1,420,562	2,101,782

(3) Information by Geographic Area

The main customers of the consolidated company are located in- China, Asia, Japan, Latin America, and India.

The revenue from continuing operating units from external customers is presented based on the operating locations, and the non-current assets are presented based on the locations of the assets, as shown below:

Region	2023	2022
Revenue from external customers:		
China	$ 349,420	450,820
India	211,738	239,110
Japan	12,108	419,204
Asia	136,650	339,060
Latin America	337,797	202,707
Other countries	372,849	450,881
Total	$ 1,420,562	2,101,782

Region	2023.12.31	2022.12.31
Non-current assets:		
China	$ 286,043	333,407
Asia	859,364	864,992
Latin America	-	50,026
Total	$ 1,145,407	1,248,425

Non-current assets include properties, plants and equipment, right-of-use assets, investment properties, intangible assets, and other assets, but do not include financial instruments and deferred tax assets.

(4) Major Customer Information

The following are the customers from whom the consolidated company derives more than 10% of its total revenue:

	2023		2022	
	Amount	Estimated percentage of net sales revenue	Amount	Estimated percentage of net sales revenue
Clinet A	$ 198,018	14%	322,471	13%
Client B	$ 168,287	12%	181,454	7%

(5) Discontinued business units

To strengthen the operations in the global market and enhance the brand image of the consolidated company in overseas markets, as resolved by the Board of Directors on March 23, 2023, the consolidated company should liquidate its subsidiary, Siruba Latin American Company and its sub-subsidiary Young Da LLC, on June 30, 2023. Starting from June 30, 2023, the asset (liability) group of its subsidiary, Siruba Latin American Company and its sub-subsidiary Young Da LLC, has been reclassified to the "non-current asset held-for-sale group". As this group does not belong to the discontinued operation or held-for-sale asset category as of December 31, 2022, the comprehensive income statement of the previous period was restated, and the discontinued operation and continuing operation were listed separately.

The operating results and cash inflows (outflows) of the discontinued operation are as follows:

	2023	2022
Operating results of discontinued operations:		
Operating revenue	$ 7,659	369,274
Operating cost	6,387	330,429
Gross profit	1,272	38,845
Operating expense	9,999	37,930
Expected credit loss	6,902	(735)
Total operating expenses	16,901	37,195
Net operating profit	(15,629)	1,650
Interest income	1,081	69
Other income	1,176	853
Other gains and losses	-	(2,596)
Total non-operating income and expenses	2,257	(1,674)
Net profit before tax	(13,372)	(24)
Income tax	-	(85)
Profit for the year	(13,372)	63
Gain on disposal of assets of the discontinued operation	90,852	-
Income tax on disposal gains	(14,046)	-
Net income (loss)	**$ 63,434**	**63**
Basic earnings per share (NTD)	**$ 0.35**	**-**
Diluted earnings per share (NT$)	**$ 0.35**	**-**
Cash inflows (outflows) of discontinued operations:		
Net cash inflow (outflow) from operating activities	$ (989)	(4,271)
Net cash inflows (outflows) from investing activities	131,639	7,087
Net cash inflow (outflow) from financing activities	-	-
Net cash inflow (outflow)	**$ 130,650**	**2,816**

For the impact of the disposal of the subsidiary, Siruba Latin American Company and sub-subsidiary, Young Da LLC, on the financial position of the consolidated company, please refer to Note 6(7).

	2023.12.31
Consideration received	$ 141,175
Cash and cash equivalents from disposals	(9,536)
Net cash inflow	**$ 131,639**

V. Parent company only financial statements of the most recent year audited and certified by CPAs

Independent Auditor's Report

To the Board of Directors of KAULIN MFG. CO., LTD.:

Audit Opinion

We have audited the Balance Sheet of KAULIN MFG. CO., LTD. as of December 31, 2023 and 2022, the Statement of Comprehensive Income as of January 1 to December 31, 2023 and 2022 as well as the Statement of Changes in Equity, Statement of Cash Flows and the Notes to Parent Company Only Financial Statement (including important accounting policies summary).

In our opinions, the compilation of the above parent company only financial statements present fairly, in all material respects, of the financial status of December 31, 2023 and 2022 in KAULIN MFG. CO., LTD. and the financial performance and consolidated cash flow of January 1 to December 31, 2023 and 2022 prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of the Audit Opinions

The audit was conducted by us in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under these standards will be further explained in the responsibility paragraph of the accountant's audit on the parent company only financial statements. The personnel regulated by independence at the accounting firm that our accountants work with have been managed according to the code of professional ethics to maintain independence from KAULIN MFG. CO., LTD. as well as perform other responsibilities addressed on the regulation. Based on the audit results of us, we believe we have obtained sufficient and appropriate auditing evidence as the basis to express our audit opinions.

Key Audit Matters

Key audit matters refer to the most important matters on the audits to KAULIN MFG. CO., LTD.'s parent company only financial statements of fiscal year 2023 based on the professional judgment of our accountants. The matters have been responded on the whole audited parent company only financial statements and during the process of the expression of the audit opinions. There, our accountants will not express opinions separately towards the matters. Based on the judgment of the accountants, the following key audit matters that should be communicated on the audit report are as follows:

1. Inventory Impairment

For the accounting policy related to inventory impairment, please refer to Note 4(7) to the parent company only financial statements; for uncertainty about accounting estimates and assumptions related to inventory impairment, please refer to Note 5 to the parent company only financial statements; for related disclosures about inventory, please refer to Note 6(6) to the parent company only financial statements.

KAULIN MFG. CO., LTD., being in a highly mature industry with intense competition, has the value of its inventory affected by the market, and the valuation of the inventory is carried out based on policies and accounting estimates set by the management. Given that the balance of inventory is significant to the parent company only financial statements and it involves accounting estimates, the auditor considers the valuation of inventory as one of the matters requiring high attention in the audit of the parent company only financial statements.

Corresponding audit procedure:

The main audit procedures for the provision for inventory valuation impairment by the auditor include evaluating the reasonableness of the provision for inventory valuation impairment policy set by KAULIN MFG. CO., LTD. and whether it has been implemented according to relevant bulletin requirements. The auditor reviewed the inventory aging report, analyzed the changes in inventory aging, examined the sales status of the inventory and evaluated the net realizable value basis used to verify the reasonableness of the provision for inventory valuation impairment estimate, and assessed whether management has adequately disclosed relevant items about the provision for inventory valuation impairment.

Responsibility from Management and Governing Unit towards the Parent Company Only Financial Statements

Management level's responsibility is to prepare the parent company only financial statements present fairly according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

When preparing the parent company only financial statements, the responsibility of management level also includes evaluating KAULIN MFG. CO., LTD.'s capability of continuous operation, disclosure of relevant matters and the application of continuous operation accounting model unless the management level intends to liquidate KAULIN MFG. CO., LTD. or suspend its business operation or there is no alternative practical and feasible solution other than liquidation or business suspension.

The governing unit (including the audit committee) at KAULIN MFG. CO., LTD. is responsible for supervising the process of financial reports.

Responsibility of Accountants' Audit on the Parent Company Only Financial Statements

The purpose of the parent company only financial statements audited by our accountants is to obtain reasonable assurance on whether the significant untrue expression exists on the whole parent company only financial statements due to fraud or error as well as issue the audit report. The reasonable assurance is the high certainty; however, it will not be able to guarantee that the significant untrue expression will definitely be able to be detected by generally accepted auditing standards, and the untrue expression might be caused from fraud or error. and the untrue expression might be caused from fraud or error. It is regarded as with significance if the individual amount or the aggregation number of the untrue expression can reasonably predict that it will affect the economic decisions made by the users of the parent company only financial statements.

When we conduct the audit according to generally accepted auditing standards, we use professional judgment and maintain our professional suspicion. We also executed the following tasks:

1. Identifying and evaluating the risk of major untrue expression on the parent company only financial statements due to fraud or error; designing and implementing proper responding strategies towards the risk evaluated; and obtaining sufficient and appropriate audit evidence as the basis of audit opinions. Due to fraud might be involving with collusion, counterfeiting, malicious omission untrue declaration, or going out of the internal control, the risk of not detecting the major untrue expression due to fraud will be higher than that due to error.
2. Obtaining necessary understanding of internal control related to audit in order to design proper audit procedure under the situation of the case. However, its purpose is not to express opinion toward the effectiveness of the internal control in KAULIN MFG. CO., LTD.
3. Evaluating the adequacy of the accounting policies used by the management level and the rationality of the accounting evaluation and relevant disclosure concluded.
4. Based on the audit evidence obtained, conclusion towards the appropriateness of continuous operation accounting basis that the management level adopts and the existence of major uncertainty on events or situations with major concerns affecting KAULIN MFG. CO., LTD.'s capability in continuous operation are made. If we believe major uncertainty existed on the event or situation, we must remind the users of parent company only financial statements on the audit report to pay attention on the relevant disclosure or modify audit opinion when the disclosure is not appropriate. The conclusion that we made is based on the audit evidence obtained up to the audit report day, The conclusion that we made is based on the audit evidence obtained up to the audit report day, but future events or situations might cause KAULIN MFG. CO., LTD. not capable in continuous operation.

5. Evaluating the overall expression, structure and content of the parent company only financial statements (including relevant notes) as well as whether the parent company only financial statements present fairly, in all material respects, relevant transaction and events.
6. Obtaining sufficient and appropriated audit evidence of the financial information from the investee companies accounted for using equity method as well as express opinions towards the parent company only financial statements. We are in charge of the directing, supervision and execution on the audit cases as well as concluding audit opinions towards the parent company only financial statements of KAULIN MFG. CO., LTD.

The communication between us and the governing unit includes the audit scope and time planned and major audit findings (including the significant defects on the internal control identified during the auditing process).

We have also provided information to the governing unit that the personnel of the firm—under which our CPAs are working—who are subject to independence requirements have complied with the statement of independence in the CPA code of professional ethics and communicated to the governing unit all relationships and other matters (including relevant safeguards) that may be considered to affect the independence of CPAs.

We determined the key audit matters that we would like to execute on KAULIN MFG. CO., LTD.'s parent company only financial statements for fiscal year 2023 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

KPMG Taiwan

CPAs:

Competent Authority of Securities Approval Certificate No.	:	TAI-TSAI-CHENG (VI) No. 0930105495 TAI-TSAI-CHENG (VI) No. 0930106739

March 14, 2024

KAULIN MFG. CO., LTD.

BALANCE SHEET

Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 521,878	14	785,053	17
1150	Notes receivable (Note 6(4) and (19))	7,762	-	3,063	-
1170	Accounts receivable (Note 6(4) and (19))	415,390	10	534,932	12
1181	Accounts receivable－related parties (Note 7)	97,230	2	244,934	5
1200	Other payables	2,623	-	2,724	-
1210	Other receivables - Related parties (Note 7)	17,157	-	-	-
130X	Inventories (Note 6(6))	287,191	7	268,103	6
1419	Advance payment	10,539	-	8,119	-
1470	Other current assets (Note 6(11))	235	-	380	-
	Total current assets	1,360,005	33	1,847,308	40
	Non-current assets:				
1517	Financial assets measured at FVTOCI - non-current (Note 6(3))	-	-	24,147	-
1550	Investment accounted for using the equity method (Note 6(5))	1,889,794	46	1,827,615	40
1600	Property, plant and equipment (Note 6(7))	667,449	16	677,961	15
1755	Right-of-use assets (Note 6(8))	715	-	1,429	-
1760	Investment property (Note 6(19))	178,782	4	178,809	4
1821	Other intangible assets (Note 6(10))	5,364	-	4,642	-
1840	Deferred tax assets (Note 6(16))	33,687	1	36,032	1
1990	Other non-current assets (Note 6(11))	5,795	-	339	-
	Total non-current assets	2,781,586	67	2,750,974	60
	Total assets	$ 4,141,591	100	4,598,282	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(12))	$ 100,000	2	100,000	2
2170	Accounts payable	13,839	-	16,396	-
2180	Accounts payable－Related parties (Note 7)	153,918	4	356,940	8
2200	Other payables (Note 6(14))	58,029	1	81,304	2
2230	Income tax liabilities for the period (Note 6(16))	446	-	57,056	1
2280	Lease liabilities - current (Note 6(13))	738	-	726	-
2300	Other current liabilities (Note 6(14))	16,241	-	21,561	1
	Total current liabilities	343,211	7	633,983	14
	Non-current liabilities:				
2581	Lease liabilities - non-current (Note 6(13))	-	-	738	-
2570	Deferred income tax liabilities (Note 6(16))	196,182	5	200,499	4
2640	Net defined benefit liability - non-current (Note 6(15))	14,847	-	20,780	1
	Total non-current liabilities	211,029	5	222,017	5
	Total liabilities	554,240	12	856,000	19
3110	Common shares (Note 6(17))	1,836,081	44	1,836,081	40
3200	Capital reserves	199,653	5	199,599	4
	Retained earnings:				
3310	Legal reserve	753,361	18	734,810	16
3320	Special reserve	165,308	4	202,052	4
3350	Unappropriated retained earnings	809,619	20	959,107	21
		1,728,288	42	1,895,969	41
3400	Other equity	(152,612)	(3)	(165,308)	(4)
3500	Treasury shares	(24,059)	-	(24,059)	-
	Total liabilities	3,587,351	88	3,742,282	81
	Total liabilities and equity	$ 4,141,591	100	4,598,282	100

(Please see notes to the parent company only financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD.

STATEMENT OF COMPREHENSIVE INCOME

Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(19) and 7)**	$ 1,048,128	100	2,085,979	100
5000	**Operating cost (Note 6(6) and 7)**	915,807	87	1,858,529	89
5900	**Gross profit**	132,321	13	227,450	11
5910	Less: Unrealized sales profit/loss	15,590	1	22,128	1
5920	Add: Realized sales profit/loss	22,128	1	12,349	-
	Gross profit	138,859	13	217,671	10
	Operating expense (Note 6(4), (7), (8), (9), (10) and 7):				
6100	Promotion expense	61,347	6	60,392	3
6200	Administration expense	76,672	6	96,856	4
6300	R&D expenses	39,748	4	45,465	2
6450	Expected credit impairment loss (recovery gain)	2,612	-	(6,798)	-
	Total operating expenses	180,379	16	195,915	9
6900	**Net operating profit (loss)**	(41,520)	(3)	21,756	1
	Non-operating revenue/expense (Note 6(21)):				
7100	Interest income	21,460	2	10,325	-
7010	Other income	15,093	1	13,516	1
7020	Other gains and losses	5,967	1	118,263	6
7050	Financial costs	(1,723)	-	(865)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	22,033	2	65,918	3
	Total non-operating revenue/expense	62,830	6	207,157	10
7900	Net profit before tax	21,310	3	228,913	11
7950	**Less: Income tax expense (Note 6(16))**	7,285	1	42,452	2
8200	**Net income**	14,025	2	186,461	9
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**				
8311	Remeasurements of defined benefit plan	1,988	-	(1,178)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(760)	-	(10,197)	-
8349	Less: Income tax related to the items which were not reclassified	246	-	(2,275)	-
	Total items not reclassified to profit or loss	982	-	(9,100)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss:**				
8361	Exchange difference on translation of the financial statements of foreign operations	(30,382)	(3)	56,128	3
8399	Less: Income tax related to items that might be reclassified	(6,077)	(1)	11,226	1
	Total items that might be reclassified to profit or loss later	(24,305)	(2)	44,902	2
8300	**Total other comprehensive income in the term**	(23,323)	(2)	35,802	2
	Total comprehensive income in the term	**$ (9,298)**	**-**	**222,263**	**11**
	Earnings per share (NTD)(Note 6(18))				
9750	**Basic earnings per share (Unit: NTD)**	**$**	**0.08**		**1.02**
9850	**Diluted earnings per share (Unit: NTD)**	**$**	**0.08**		**1.02**

(Please see notes to the parent company only financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD.
STATEMENT OF CHANGES IN EQUITY
Dec. 31, 2023 and Dec. 31, 2022

Unit: NT$ thousands

	Share capital		Retained earnings				Other equity items				
	Common shares	Capital reserves	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 1,836,081	199,595	717,716	199,294	920,916	1,837,926	(173,209)	(28,843)	(202,052)	(24,059)	3,647,491
Net income	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Total other comprehensive income in the term	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802
Total comprehensive income in the term	-	-	-	-	185,519	185,519	44,902	(8,158)	36,744	-	222,263
Appropriation and distribution of earnings:											
Appropriation to legal reserve	-	-	17,094	-	(17,094)	-	-	-	-	-	-
Appropriation to special reserve	-	-	-	2,758	(2,758)	-	-	-	-	-	-
Cash dividend for common stock	-	-	-	-	(127,476)	(127,476)	-	-	-	-	(127,476)
Other changes in additional paid-in capital	-	4	-	-	-	-	-	-	-	-	4
Balance as of Dec. 31, 2022	1,836,081	199,599	734,810	202,052	959,107	1,895,969	(128,307)	(37,001)	(165,308)	(24,059)	3,742,282
Net income (loss)	-	-	-	-	14,025	14,025	-	-	-	-	14,025
Total other comprehensive income in the term	-	-	-	-	1,590	1,590	(24,305)	(608)	(24,913)	-	(23,323)
Total comprehensive income in the term	-	-	-	-	15,615	15,615	(24,305)	(608)	(24,913)	-	(9,298)
Appropriation and distribution of earnings:											
Appropriation to legal reserve	-	-	18,551	-	(18,551)	-	-	-	-	-	-
Appropriation to special reserve	-	-	-	(36,744)	36,744	-	-	-	-	-	-
Cash dividend for common stock	-	-	-	-	(145,687)	(145,687)	-	-	-	-	(145,687)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(37,609)	(37,609)	-	37,609	37,609	-	-
Other changes in additional paid-in capital	-	54	-	-	-	-	-	-	-	-	54
Balance as of December 31, 2023	**$ 1,836,081**	**199,653**	**753,361**	**165,308**	**809,619**	**1,728,288**	**(152,612)**	**-**	**(152,612)**	**(24,059)**	**3,587,351**

(Please see notes to the parent company only financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD.
STATEMENT OF CASH FLOWS
Dec. 31, 2023 and Dec. 31, 2022
Unit: NT$ thousands

	2023	2022
Cash flow from operating activities:		
Net profit before tax	$ 21,310	228,913
Adjustment Items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	17,019	16,643
Amortization expense	4,518	5,436
Expected credit impairment loss (recovery gain)	2,612	(6,798)
Interest expense	1,723	865
Interest income	(21,460)	(10,325)
Dividend income	(771)	(991)
Share of profits of subsidiaries, associates, and joint ventures accounted for using the equity method	(22,033)	(65,918)
Loss on disposal and write-off of property, plant, and equipment	-	26
Loss on inventory valuation and write-off	22,172	8,477
Unrealized sales profits	15,590	22,128
Realized sales profits	(22,128)	(12,349)
Unrealized foreign currency exchange losses (gains)	3,166	(19,142)
Total income and expense items	408	(61,948)
Changes in assets/liabilities related to operating activities:		
Decrease (increase) of notes receivable	(4,699)	11,091
Decrease in accounts receivable	107,300	4,043
Decrease in accounts receivable - related parties	130,476	107,763
Decrease (increase) of other receivables	(23)	1,002
Increase in inventories	(41,260)	(143,193)
Increase in prepayments	(2,420)	(1,938)
Decrease (increase) of other current assets	145	(31)
Increase (decrease) of accounts payable	711	(54,601)
Decrease in accounts payable - related parties	(196,544)	(184,249)
Decrease in other payables	(23,218)	(212)
Decrease in other current liabilities	(5,320)	(6,834)
Decrease in net defined benefit liability	(3,945)	(6,495)
Total adjustment items	(38,389)	(335,602)
Cash outflow from operations	(17,079)	(106,689)
Interest received	21,584	9,238
Interest paid	(1,723)	(865)
Income taxes paid	(63,304)	(45,137)
Net cash outflow from operating activities	(60,522)	(143,453)
Cash flow from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	23,387	-
Acquisition of investments under equity method	(63,990)	-
Cash dividends from long-term equity investments accounted for using the equity method	-	403,924
Acquisition of property, plant and equipment	(5,766)	(494)
Increase in refundable deposits	-	(28)
Decrease in refundable deposits	27	-
Acquisition of intangible assets	(5,240)	(6,320)
Increase in prepayments for business facilities	(5,483)	-
Dividends received	771	991
Net cash (outflow) inflow from investing activities	(56,294)	398,073
Cash flow from financing activities:		
Decrease in deposits received	-	(535)
Repayment of lease principal	(726)	(714)
Issuance of cash dividends	(145,687)	(127,476)
Other changes in additional paid-in capital	54	4
Net cash outflow from financing activities	(146,359)	(128,721)
Increase (decrease) in cash and cash equivalents in the current period	(263,175)	125,899
Beginning balance of cash and cash equivalents	785,053	659,154
Ending balance of cash and cash equivalents	$ 521,878	785,053

(Please see notes to the parent company only financial statement)

Chairperson: LIN CHEN, YA-ZI **Manager: LIN, SHENG-ZHI** **Accounting Manager: LIN, ZENG-XIN**

KAULIN MFG. CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENT NOTES
For the Years Ended December 31, 2023 and 2022
(Unless otherwise specified, the basic unit for any amount shall be NT$ THOUSANDS.)

1. Company Profile

KAULIN MFG. CO., LTD. (hereinafter referred to as "the Company") was established on October 5, 1965, with the approval of the Ministry of Economic Affairs, with a registered address on the 11th floor, No. 128, Section 3, Minsheng East Road, Songshan District, Taipei City. The main business items of the Company and its subsidiaries (hereinafter collectively referred to as "the Consolidated Companies") are the manufacturing, assembly, and sale of various industrial sewing machines and their components.

The company's stock was originally listed on the OTC market at the Securities and Futures Bureau of the Ministry of Finance in Taiwan in June 1999, and then listed on the Taiwan Stock Exchange in September 2000.

2. The Date and Procedure of the Approval of the Financial Report

The parent company only financial statements were approved by the Board of Directors for release on March 14, 2024.

3. The Application of Newly Published and Revised Standards and Interpretations

(1) The impact of the new and revised standards and interpretations approved by the Financial Supervisory Commission (FSC) that have been adopted

From January 1, 2023, the company began to apply the following new amendments to International Financial Reporting Standards (IFRS), and they did not have a significant impact on the parent company only financial statements.

·The amendment to IAS 1, "Disclosure of Accounting Policies"
·The amendment to IAS 8, "Definition of Accounting Estimates"
·The amendment to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

From May 23, 2023, the company began to apply the following new amendments to International Financial Reporting Standards (IFRS), and they did not have a significant impact on the parent company only financial statements.

Amendments to IAS 12, “International Tax Reform — -Pillar Two Model Rules”

(2) The impact of International Financial Reporting Standards approved by the FSC that have not yet been adopted

The company has evaluated the application of the following new amendments to International Financial Reporting Standards, effective from January 1, 2024, and concluded that they will not have a significant impact on the parent company only financial statements.

·Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"
·The amendment to IAS 1, "Non-current Liabilities with Covenants"
·Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) New and revised standards and interpretations not yet approved by the FSC

The company expects that the following new and revised standards not yet approved will not have a significant impact on the parent company only financial statements.

·The amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
·IFRS 17, "Insurance Contracts" and the amendments to IFRS 17

·The amendment to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

·Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of Significant Accounting Policies

The following are the significant accounting policies adopted in these parent company only financial statements. These policies have been consistently applied to all periods presented in these parent company only financial statements.

(1) Compliance statement

These parent company only financial statements have been prepared in accordance with the "Rules Governing the Preparation of Financial Reports by Securities Issuers"

(2) Basis of preparation

1. Measurement basis

Except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, these parent company only financial statements have been prepared on a historical cost basis.

2. Functional and presentation currency

The Company operates with the currency of its primary economic environment as its functional currency. This individual financial report is expressed in the Company's functional currency, New Taiwan Dollar (NTD). All financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign Currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated using the exchange rate on that date. Foreign currency non-monetary items that are measured in terms of fair value are translated using the exchange rates at the date when the fair value was determined, and foreign currency non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the translation are generally recognized in profit or loss, except for the following cases which are recognized in other comprehensive income:

(1) Equity instruments designated as measured at fair value through other comprehensive income;

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TWD at the exchange rates at the reporting date; their income and expenses are translated into TWD at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control, or significant influence, the cumulative exchange difference related to the foreign operation is fully reclassified as a profit or loss. When a partial disposal involves a subsidiary with a foreign operation, the relevant cumulative exchange difference is proportionally reattributed to non-controlling interests. When a partial disposal involves an associate or joint venture of a foreign operation, the relevant cumulative exchange difference is proportionally reclassified to profit or loss.

For monetary receivables or payables of a foreign operation, if there is no repayment plan and it is not possible to repay in the foreseeable future, the foreign exchange loss arising from it is considered part of the net investment in the foreign operation and is recognized as other comprehensive income.

(4) Criteria for Classification of Assets and Liabilities as Current or Non-current

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Expect to realize the asset during its normal operating cycle, or intend to sell or consume it;
2. The asset is primarily held for trading purposes;
3. Expect to realize the asset within twelve months after the reporting period; or
4. The asset is cash or cash equivalent, except for the exchange or settlement of liabilities that are restricted at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Expect to settle the liability during its normal operating cycle;
2. The liability is primarily held for trading purposes;
3. Expect to settle the liability within twelve months after the reporting period; or
4. The liability has an unconditional right to defer the settlement period to at least twelve months after the reporting period. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparty, do not affect their classification.

(5) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be readily converted into a fixed amount of cash with insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(6) Financial Instruments

1. Financial Assets

The purchase or sale of financial assets meets the regular transaction criteria, and the company uniformly applies the transaction date or settlement date accounting treatment to all purchases and sales of financial assets classified in the same way.

Financial assets are classified at initial recognition as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity investments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets changes.

(1) Financial Assets Measured at Amortized Cost

Financial assets are measured at amortized cost when they meet the following conditions, and are not designated as measured at fair value through profit or loss:

·The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

·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.

These assets are subsequently measured at their original recognition amount plus or minus the accumulated amortization calculated using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Any gains or losses are recognized in profit or loss upon derecognition.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions, and are not designated as measured at fair value through profit or loss:

·The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell the financial asset.

·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.

At initial recognition, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an equity instrument investment that is not held for trading. This election is made on an instrument-by-instrument basis.

For equity instrument investments, they are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of the investment) is recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized when the company has the right to receive dividends (usually the ex-dividend date).

(3) Impairment of Financial Assets

The company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposit guarantee and other financial assets, etc.) and accounts receivable.

The following financial assets are measured for loss allowance at an amount equal to 12-month expected credit losses, while the rest are measured for expected credit losses over the lifetime:

·The credit risk (i.e., the risk of default over the expected life of the financial instrument) of bank deposits has not increased significantly since initial recognition.

The company assumes that the credit risk on a financial asset has increased significantly if contractual payments are more than 120 days overdue.

The company considers the financial asset defaulted when contractual payments are more than 360 days overdue, or it is unlikely that the borrower will fully pay the amounts to the company due to failure to fulfill its credit obligations.

The Expected Credit Loss (ECL) over the lifetime refers to the anticipated credit losses arising from all possible default events during the expected lifespan of a financial instrument.

The 12-month ECL refers to the anticipated credit losses that could occur within twelve months after the reporting date (or shorter period, if the expected life of the financial instrument is less than twelve months).

The longest period for measuring ECL is the longest contract term over which the company is exposed to credit risk.

The ECL is a probability-weighted estimate of credit losses over the expected life of a financial instrument. Credit loss is measured by the present value of all cash shortfalls, that is, the difference between the cash flows due to the company under the contract and the cash flows the company expects to receive. The ECL is discounted at the effective interest rate of the financial asset.

On each reporting date, the company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence of financial asset credit impairment includes observable data on the following:

·Significant financial difficulties of the borrower or issuer;
·Default or delay in payment exceeding 360 days;
·The company granting a concession to the borrower that it would not consider due to economic or contractual reasons related to the borrower's financial difficulties;
·The borrower is likely to enter bankruptcy or other financial restructuring;
·The disappearance of the active market of the financial asset due to financial difficulties.

The provision for losses on financial assets measured at amortized cost is deducted from the carrying amount of the asset. The provision for losses on debt instrument investments measured at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the company cannot reasonably expect to recover all or part of a financial asset, it reduces the total carrying amount of its financial assets directly. The company analyzes the timing and amount of write-offs on a basis of whether it can reasonably expect to recover. The company expects that the amount written off will not be significantly reversed. However, written-off financial assets can still be enforced to comply with the company's procedures for recovering overdue amounts.

(4) De-recognition of Financial Assets

The company only de-recognizes financial assets when the contractual rights to the cash flows from the asset have expired, or the financial assets have been transferred and almost all the risks and rewards of ownership of the asset have been transferred to another entity, or the entity has neither transferred nor retained substantially all the risks and rewards of ownership and has not retained control of the financial asset.

When the company engages in a transaction to transfer financial assets, if it retains all or substantially all of the risks and rewards of ownership of the transferred assets, it continues to recognize them in the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity according to the substance of the contract agreement and the definitions of financial liabilities and equity instruments.

(2) Equity Transactions

Equity instruments represent any contract that confers a residual interest in the assets of an entity after deducting all its liabilities. The equity instruments issued by the company are recognized at the amount of consideration received less direct issuance costs.

(3) Treasury Stock

When the company repurchases its recognized equity instruments, the consideration paid (including directly attributable costs) is recognized as a reduction in equity. The repurchased shares are classified as treasury stock. Upon subsequent sale or reissue of the treasury stock, the amount received is recognized as an increase in equity, and the surplus or loss generated from the transaction is recognized as capital reserves or retained earnings (if capital reserves are insufficient to offset).

(4) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are only offset when the company currently has a legally enforceable right to offset and intends to settle on a net basis or realize the assets and settle the liabilities simultaneously, expressed as a net amount in the balance sheet.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes the acquisition, production or processing costs incurred to bring them to their present location and condition and other costs, calculated using the first-in, first-out method. The cost of finished goods and work in process includes a proportion of manufacturing costs based on normal production capacity.

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

(8) Investment in Subsidiaries

When preparing individual financial statements, the company uses the equity method to evaluate companies in which it has control. Under the equity method, the current earnings and other comprehensive income of the individual financial report are the same as the allocation of the current earnings and other comprehensive income attributable to the parent company owners in the financial report prepared on a consolidated basis, and the owners' equity of the individual financial report is the same as the equity attributable to the parent company owners in the financial report prepared on a consolidated basis.

Any changes in the company's ownership interests in its subsidiaries that do not result in loss of control are treated as transactions with owners.

(9) Investment Property

Investment property refers to property held for earning rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost, and subsequently at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value are processed in accordance with the regulations of property, plant, and equipment.

The gain or loss on disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

The rental income from investment property is recognized as non-operating income over the lease term on a straight-line basis. Lease incentives granted are recognized as part of the rental income over the lease term.

(10) Property, Plant, and Equipment

1. Recognition and Measurement

Items of property, plant, and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When major components of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

The gain or loss on disposal of property, plant, and equipment is recognized in profit or loss.

2. Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits will flow to the company.

3. Depreciation

Depreciation is calculated over the asset's cost less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant, and equipment.

Land is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(1) Buildings and constructions:	20 years
(2) Plant and equipment:	3-5 years
(3) Office and other equipment:	3 years

The company reviews the depreciation method, useful life and residual value every year on the reporting date and adjusts them appropriately when necessary.

(11) Leasing

1. The Judgement of Leasing

The company assesses whether a contract is or contains a lease on the contract inception date. If the contract transfers the right to use an identified asset for a period in exchange for consideration, then the contract is or contains a lease.

2. Lessee

The company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, any lease payments made on or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs for dismantling and removing the underlying asset and restoring the site or underlying asset, minus any lease incentives received.

Subsequent to initial recognition, the right-of-use asset is depreciated on a straight-line basis from the lease 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. Additionally, the company regularly assesses whether the right-of-use asset is impaired and recognizes any impairment losses incurred, and adjusts the right-of-use asset in the event of a lease liability remeasurement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date. If the interest rate implicit in the lease is readily determinable, the discount rate is that rate; if not readily determinable, the incremental borrowing rate of the company is used. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the lease commencement date;
(3) Amounts expected to be payable under residual value guarantees; and
(4) The exercise price of a purchase option if it is reasonably certain to be exercised, or penalties for early termination of the lease.

The lease liability is subsequently measured using the effective interest method and remeasured when:

(1) There are changes in future lease payments resulting from changes in an index or rate used to determine those payments;
(2) There are changes in the amounts expected to be payable under residual value guarantees;
(3) There are changes in the assessment of whether a purchase option will be exercised;
(4) There is a change in the estimate of the term of a lease due to an assessment of whether an extension or termination option will be exercised; and
(5) There is a change in the scope or terms of a lease.

When the lease liability is remeasured due to changes in the index or rate determining lease payments, residual value guarantees, or assessments of purchase, extension, or termination options, the carrying amount of the right-of-use asset is adjusted correspondingly, and any remaining remeasurement amount is recognized in profit or loss once the carrying amount of the right-of-use asset has been reduced to zero.

For lease modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is recognized in profit or loss.

The company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

If the agreement includes both lease and non-lease components, the company allocates the contract's consideration to individual lease components based on relative standalone prices. However, when leasing land and buildings, the company chooses not to differentiate non-lease components and treats lease components and non-lease components as a single lease component.

For short-term leases and low-value asset leases of office equipment, the Company chooses not to recognize right-of-use assets and lease liabilities, but rather records related lease payments as expenses on a straight-line basis during the lease period.

3. Lessor

As a lessor, the company classifies leases on the inception date based on whether they transfer substantially all the risks and rewards incidental to ownership of the leased assets. If so, they are classified as finance leases, otherwise as operating leases. When assessing, the company considers specific indicators, including whether the lease period covers a significant part of the economic life of the leased assets.

If the company is a sub-lessor, it deals with the primary lease and sub-lease transactions separately and classifies the sub-lease transactions based on the right-of-use asset arising from the primary lease. If the primary lease is a short-term lease and the recognition exemption applies, the sub-lease transaction should be classified as an operating lease.

If the agreement includes lease and non-lease components, the company allocates the contract's consideration according to the provisions of International Financial Reporting Standard No. 15.

(12) Intangible assets

1. Recognition and measurement

Research-related expenditures are recognized as losses when incurred.

Development expenditures are only capitalized when they can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, it is highly probable that future economic benefits will flow to the company, and the company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized as losses when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment.

The company measures other acquired intangible assets with finite useful lives at their cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

Subsequent expenditure is only capitalized when it can increase the future economic benefits of the relevant specific asset. All other expenses are recognized as losses when incurred, including internally generated goodwill and brands.

3. Amortization

Amortization is calculated based on the cost of the asset less its estimated residual value and is recognized as a loss over the estimated useful life of the intangible asset from when it is available for use, using the straight-line method.

Estimated useful lives for the current and comparative periods are as follows:

(1) Computer software 5 years

The company reviews the amortization method, useful life, and residual value of intangible assets on each annual reporting date and makes appropriate adjustments as necessary.

(13) Impairment of Non-Financial Assets

The company assesses at each reporting date whether there is any indication that the carrying amount of a non-financial asset (excluding inventory, contract assets, deferred income tax assets, and investment properties measured at fair value) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

For the purpose of impairment testing, a group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets is identified as the smallest identifiable group of assets. Goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Impairment losses are immediately recognized in profit or loss, first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the carrying amounts of the other assets in the unit on a pro-rata basis.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are only reversed within the range of the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized in prior years.

(14) Recognition of Revenue

1. Revenue from Contracts with Customers

Revenue is measured at the amount of consideration to which the consolidated company expects to be entitled in exchange for transferring goods or services. The company recognizes revenue when it satisfies a performance obligation by transferring control over a good or service to a customer. The company describes the following major income items as follows:

(1) Sale of Goods

The company manufactures industrial sewing equipment and sells it to its customers. The company recognizes revenue when control over the product is transferred. This transfer of control refers to when the product has been delivered to the customer, the customer has full discretion over the product's sales channels and prices, and there are no unfulfilled obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have become ineffective, or the company has objective evidence that all acceptance conditions have been met.

The company does not recognize revenue at the time of raw material processing, as control over the processed product has not been transferred.

(15) Employee benefits

1. Defined contribution plans

The obligation for contributions to defined contribution plans is recognized as an expense in the period during which services are rendered by employees.

2. Defined benefit plans

The net obligation of the company for defined benefit plans is determined by discounting the amount of future benefits earned by employees for their current or past service to present value, and deducting the fair value of plan assets.

Defined benefit obligations are annually actuarially determined by qualified actuaries using the projected unit credit method. An asset is recognized only to the extent of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of economic benefits is considered, taking into account any minimum funding requirements.

Net defined benefit liability remeasurements, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset ceiling (excluding interest), are recognized immediately in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liability (asset) is determined using the net defined benefit liability (asset) and discount rate at the beginning of the annual reporting period. Net interest expense and other expenses of defined benefit plans are recognized in profit or loss. Net interest expense and other expenses of defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, changes in the benefits related to past service costs or curtailment gains or losses are recognized immediately in profit or loss. The company recognizes settlement gains or losses on defined benefit plans when the settlement occurs.

3. Other long-term employee benefits

The net obligation of the company for other long-term employee benefits is determined by discounting the amount of future benefits earned by employees for their current or past service to present value. Remeasurements are recognized in profit or loss as they arise.

4.Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are rendered. If the company has a present legal or constructive obligation arising from past service provided by employees, and the obligation can be reliably estimated, the amount is recognized as a liability.

(16) Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss, except for items related to business combinations, items recognized directly in equity, or items recognized in other comprehensive income.

Current income tax includes the expected income tax payable or refundable on the taxable income (loss) for the year, and any adjustments to income tax payable or refundable in respect of previous years. Amounts are measured at the best estimate of the amount expected to be paid or received, reflecting the uncertainty related to income taxes (if any), using the statutory tax rates or substantially enacted tax rates at the reporting date.

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for the following temporary differences:

1. Assets or liabilities initially recognized in transactions not involving business combinations, and that do not affect accounting profit and taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures, where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

For unused tax losses and unused income tax credits carried forward, and deductible temporary differences, deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available. They are revalued at each reporting date, with adjustments made for the portion of the related tax benefits that are not considered likely to be realized, or the amounts previously reduced when it becomes probable that sufficient taxable income will be available.

Deferred income tax is measured using the tax rate that is expected to apply when the temporary difference reverses, based on the statutory tax rate or substantive enacted tax rate as at the reporting date.

The merged company only offsets deferred income tax assets and deferred income tax liabilities when the following conditions are met:

1. Current income tax assets and current income tax liabilities are offset where there is a legally enforceable right to do so; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the taxpayers levied by the same tax authority:

(1) The same taxpayer; or

(2) Different taxpayers, but each taxpayer intends to offset current income tax liabilities and assets on a net basis, or simultaneously realize assets and settle liabilities in each future period where significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(17) Earnings Per Share

The company presents basic and diluted earnings per share attributable to the ordinary equity holders of the parent company. The basic earnings per share of the company are calculated by dividing the profit or loss attributable to the ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to the ordinary equity holders of the parent company and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

(18) Segment Information

The company has disclosed departmental information in the consolidated financial statements, so individual financial statements do not disclose departmental information.

5. The Main Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the management prepares this parent company only financial report in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, it must make judgments, estimates, and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The Company may be faced with economic uncertainties, such as climate changes, inflation and technological changes. There is no significant impact on the Company. However, these events may materially affect the following accounting estimates made by the consolidated company in the next fiscal year. This is because such estimates involve forecasts for the future.

The management continuously reviews estimates and underlying assumptions, and changes in accounting estimates are recognized in the period of the change and future periods affected.

The uncertainty of assumptions and estimates has a significant risk that will lead to a material adjustment to the book value of assets and liabilities in the next fiscal year. The relevant information is as follows:

(1) Impairment of Inventory

The net realizable value of inventory is an estimate of the selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. These estimates are made based on current market conditions and historical sales experience of similar products, and changes in market conditions may significantly affect these estimates.

(2) Impairment Assessment of Accounts Receivable

The provision for loss on accounts receivable of the company is estimated based on the assumption of default risk and expected loss rate. On each reporting date, the company considers historical experience, current market conditions, and forward-looking estimates to determine the assumptions and selected input values to be used in calculating impairment. For detailed descriptions of related assumptions and input values, please refer to Note 6 (4).

The accounting policies and disclosures of the Company include the fair value measurement of its financial and non-financial assets and liabilities. The Company has established the relevant internal control system for fair value measurement. This includes establishing the valuation team to be responsible for reviewing all significant fair value measurements (including Level 3 fair value), and to report directly to the Chief Financial Officer. The valuation team reviews the significant unobservable input value and adjustment on a regular basis. If the input value for measuring fair value uses external third-party information (such as brokerage or pricing service providers), the valuation team will evaluate the evidence provided by the third party to support the input value in order to determine the valuation and its fair value classification. It is in compliance with the International Financial Reporting Standards. The valuation team also reports material issues of valuation to the Company's Audit Committee. Investment property is regularly valuated by the Company's Finance Department in accordance with the valuation methods and parameter assumptions announced by the Financial Supervisory Commission or external appraisers are engaged.

When the Company measures its assets and liabilities, it uses market-observable input values as much as possible. The level of fair value is based on the input value used in the valuation technique, which is classified as follows:

(1) Level 1: The open quotation of the same assets or liabilities in an active market (unadjusted).

(2) Level 2: In addition to the open quotation included in Level 1, the input parameter of the asset or liability can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).

(3) Level 3: The input parameters of the asset or liability are not based on observable market data (non-observable parameters).

Please refer to the following notes for information on the assumptions used to measure fair value:

1. Note 6(9), Investment property
2. Note 6(22), Financial instruments

6. Explanation of Important Accounting Items

(1) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand and working capital	$	1,235	906
Checks and demand deposits		175,834	404,214
Time deposits in banks		344,809	379,933
Cash and cash equivalents in the cash flow statement	$	521,878	785,053

For the disclosure of the interest rate risk and sensitivity analysis of the company's financial assets and liabilities, please refer to Note 6 (22).

(2) Financial assets measured at fair value through profit or loss

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedging derivatives			
Foreign exchange forward contract	$	-	-

The purpose of engaging in derivative transactions is to hedge the exchange rate and interest rate risks exposed by business, financing and investment activities. On December 31, 2023, the Company did not apply hedge accounting to report as derivatives of financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading. Their breakdown is as follows:

Foreign exchange forward contract:

The Company had purchased US$2,000 thousand of foreign exchange forward contracts this year, which expired on May 2, 2023. The net gain on financial assets was recognized as changes in fair value in profit or loss for NT$1,790 thousand, accounted for under “Other gains and losses”.

(3) Financial assets measured at fair value through other comprehensive income

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income or loss:		
Foreign listed stocks - JUKI Corpopration	$ -	24,147

1. The company invested in common shares of JUKI Corporation for medium and long-term strategic purposes and expects to profit from long-term investment. The management of the Company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, so it chooses to designate these investments as measured at fair value through other comprehensive income.
2. The price for disposal of the equity instrument at fair value through other comprehensive income of the Company was NT$23,387 thousand in 2023. The cumulative disposal loss was NT$37,609 thousand in 2023. The aforementioned cumulative disposal loss has been transferred from other equity to retained earnings. The Company did not dispose of strategic investment in 2022 and did not make any transfer of accumulated gains and losses during the period.
3. For market risk and fair value information, please refer to Note 6 (22)

(4) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable－Generated from operating activities	$ 7,762	3,063
Accounts receivable－Measured at amortized cost	439,210	556,140
Minus: allowance for loss	23,820	21,208
	$ 423,152	537,995

The merged company's average credit period for goods sales is between 60 and 180 days. It continuously monitors credit exposure and the credit rating of the counterparty, and diversifies the total transaction amount to credit-rated eligible customers. The credit limit of the counterparty is managed by the approval of the management level each year.

The Company measures the provision for credit losses of receivables and accounts based on expected credit losses over the holding period. Expected credit losses over the holding period are calculated using a provision matrix. For this measurement purpose, these receivables and accounts are grouped according to common credit risk characteristics that represent the customer's ability to pay all due amounts according to contract terms, taking into account the customer's past default records and current financial status, industry economic conditions, and have included forward-looking information, including macroeconomic and related industry information.

If there is evidence that the counterparty is facing serious financial difficulties and the merged company cannot reasonably expect to recover the amount, such as the counterparty is undergoing liquidation, the Company directly writes off related receivables and accounts, but will continue to pursue activities. The amount recovered from the pursuit is recognized in profit and loss.

An analysis of the expected credit losses on the Company's notes and accounts receivable is as follows:

	2023.12.31		
	Carrying amount of bills and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for expected credit losses during the period of continuation**
Not overdue	$ 273,571	0.84%	2,286
Within 120 days of expiration	121,872	3.77%	4,595
121~180 days of expiration	21,430	20.95%	4,489
181~240 days past due	24,619	31.84%	7,839
241~300 days past due	3,069	71.68%	2,200
Over 360 days past due	2,411	100%	2,411
	$ 446,972		23,820

	2022.12.31		
	Carrying amount of bills and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for expected credit losses during the period of continuation**
Not overdue	$ 430,504	0.13%	556
Within 120 days of expiration	66,460	0.79%	525
121~180 days of expiration	24,760	3.13%	775
181~240 days past due	20,003	10.42%	2,084
241~300 days past due	447	53.91%	241
301~360 days past due	3,642	99.95%	3,640
Over 360 days past due	13,387	100%	13,387
	$ 559,203		21,208

The following is a schedule of changes in the allowance for losses on notes receivable and accounts receivable of the Company:

	2023	2022
Beginning Balance	$ 21,208	28,006
Impairment losses recognised	2,612	-
Reversal of impairment loss	-	(6,798)
Ending Balance	$ 23,820	21,208

At December 31, 2023 and 2022, none of the Company's notes and accounts receivable had been discounted or provided as collateral.

(5) Investments accounted for using the equity method

		2023.12.31	2022.12.31
Investment in subsidiaries			
SIRUBA Investments Singapore (SIRUBA Singapore)	$	1,664,807	1,696,123
SIRUBA Latin America		215,789	146,502
SIRUBA Vietnam		9,198	(15,010)
	$	1,889,794	1,827,615

1. To enrich the working capital of the Vietnam subsidiary, SIRUBA Vietnam, the Board of Directors resolved on June 30, 2023 to issue capital increase in cash for the subsidiary, SIRUBA Vietnam, with an amount of US$2,000 thousand , the relevant capital increase procedures were completed on September 19, 2023.
2. On April 6, 2022, the Board of Directors of the Company's subsidiary, SIRUBA Singapore, resolved to distribute cash dividends of RMB 80,643 thousand. The related dividends were received and were recognized as an investment deduction under equity method.
3. On December 31, 2023 and 2022, the Company's investments under the equity method were not provided as collateral.

   On March 23, 2023, the Board of Directors of the Company approved the liquidation of its subsidiary, Siruba Latin American Company, and its sub-subsidiary Young Da LLC. The relevant liquidation procedures were initiated in June 30, 2023.

(6) Inventories

		2023.12.31	2022.12.31
Products	$	16,895	19,394
Finished products		197,287	169,193
Raw Materials		50,321	44,868
Work in progress		11,921	30,175
Inventory in transit		6,356	23
Other Inventory		4,411	4,450
	$	287,191	268,103

Cost of goods sold is detailed as follows:

		2023	2022
Cost of inventories sold	$	826,195	1,782,699
Loss on decline in value of inventories		20,748	6,702
Unallocated manufacturing costs (Note)		67,440	67,353
Loss on obsolescence of inventories		1,424	1,775
Total	$	915,807	1,858,529

Note: Unallocated manufacturing costs refer to the difference between the current manufacturing costs and those already allocated to the work order numbers based on standard manufacturing rates.

As of December 31, 2023, and 2022, none of the Company's inventories were provided as pledge collateral.

Notes to the parent company only financial statements of KAULIN MFG. CO., LTD.(Continued)

(7) Property, Plant, and Equipment

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Total
Cost or deemed cost:						
Balance on Jan. 1, 2023	$ 339,580	384,402	43,996	10,521	60,853	839,352
Add	-	637	-	-	5,129	5,766
Disposal	-	(335)	-	-	(1,436)	(1,771)
Balance on Dec.31, 2023	**$ 339,580**	**384,704**	**43,996**	**10,521**	**64,546**	**843,347**
Balance on Jan. 1, 2022	$ 339,580	384,402	44,086	10,471	61,467	840,006
Add	-	-	-	50	444	494
Disposal	-	-	(90)	-	(1,058)	(1,148)
Balance on Dec.31, 2022	**$ 339,580**	**384,402**	**43,996**	**10,521**	**60,853**	**839,352**
Depreciation:						
Balance on Jan. 1, 2023	$ -	68,763	29,390	5,324	57,914	161,391
Depreciation	-	9,126	4,065	1,260	1,827	16,278
Disposal	-	(335)	-	-	(1,436)	(1,771)
Balance on Dec.31, 2023	**$ -**	**77,554**	**33,455**	**6,584**	**58,305**	**175,898**
Balance on Jan. 1, 2022	$ -	59,695	25,178	4,030	57,718	146,621
Depreciation	-	9,068	4,276	1,294	1,254	15,892
Disposal	-	-	(64)	-	(1,058)	(1,122)
Balance on Dec.31, 2022	**$ -**	**68,763**	**29,390**	**5,324**	**57,914**	**161,391**
Carrying amount:						
Dec.31, 2023	**$ 339,580**	**307,150**	**10,541**	**3,937**	**6,241**	**667,449**
Jan. 1, 2022	**$ 339,580**	**324,707**	**18,908**	**6,441**	**3,749**	**693,385**
Dec.31, 2022	**$ 339,580**	**315,639**	**14,606**	**5,197**	**2,939**	**677,961**

1. Guarantee

As at 31 December 2023 and 2022, none of the Company's property, plant and equipment had been pledged as security.

(8) Right-of-use assets

	Buildings
Right-of-use asset cost:	
Balance on Dec. 31, 2023 (Beginning Balance)	**$ 3,573**
Balance on Dec. 31, 2022 (Beginning Balance)	**$ 3,573**
Accumulated depreciation and impairment losses on right-of-use assets:	
Balance on Jan. 1, 2023	$ 2,144
Provision for depreciation	714
Balance on Dec.31, 2023	**$ 2,858**
Balance on Jan. 1, 2022	$ 1,429
Provision for depreciation	715
Balance on Dec.31, 2022	**$ 2,144**

		Buildings
Carrying amount:		
Dec.31, 2023	$	715
Jan. 1, 2022	$	2,144
Dec.31, 2022	$	1,429

(9) Investment Property

Investment property includes the land use rights of the merged company's own assets and those leased to third parties through operating leases. The original non-cancellable period for leased investment properties is five to ten years, and the lessee have an option to extend the period at the end of the term.

The rental income of the leased investment property is a fixed amount.

		Owned assets		
		Improvements	**House and building**	**Total**
Cost:				
Balance on Dec.31, 2023 (Beginning Balance)	$	178,782	54,224	233,006
Balance on Dec.31, 2022 (Beginning Balance)	$	178,782	54,224	233,006
Depreciation:				
Balance on Jan. 1, 2023	$	-	54,197	54,197
Depreciation for the year		-	27	27
Balance on Dec.31, 2023	$	-	54,224	54,224
Balance on Jan. 1, 2022	$	-	54,161	54,161
Depreciation for the year		-	36	36
Balance on Dec.31, 2022	$	-	54,197	54,197
Carrying amount:				
Dec.31, 2023	$	178,782	-	178,782
Jan. 1, 2022	$	178,782	63	178,845
Dec.31, 2022	$	178,782	27	178,809

The fair value of investment property is based on the valuation of an independent valuer (with recognized relevant professional qualifications and recent experience in the location and type of investment property being valued). The input values used in its fair value valuation technique are of the third level.

The fair value of the investment property located in Taoyuan City of the Company is measured by Sinyi Real Estate Appraisers Joint Office, an independent evaluation company, at the third-level input value on each balance sheet date. The valuation is carried out by the comparative method, and the fair value obtained from the valuation is as follows:

	2023	2022
Fair value	$ 506,072	472,164

As of December 31, 2023, and 2022, none of the merged company's investment properties were provided as pledge collateral.

(10) Intangible assets

	PC software
Cost:	
Balance on Jan. 1, 2023	$ 28,066
Obtained separately	5,240
Disposal	(3,562)
Balance on Dec.31, 2023	$ 29,744
Balance on Jan. 1, 2022	$ 24,725
Obtained separately	6,320
Disposal	(2,979)
Balance on Dec.31, 2022	$ 28,066
Amortization:	
Balance on Jan. 1, 2023	$ 23,424
Amortisation	4,518
Disposal	(3,562)
Balance on Dec.31, 2023	$ 24,380
Balance on Jan. 1, 2022	$ 20,967
Amortisation	5,436
Disposal	(2,979)
Balance on Dec.31, 2022	$ 23,424
Carrying amount:	
Dec.31, 2023	$ 5,364
Dec.31, 2022	$ 4,642

1. Amortization expense

Amortization expense for intangible assets for the years 2023 and 2022 is reported in the Statement of Comprehensive Income as follows:

	2023	2022
Operating cost	$ 11	-
Operating expense	$ 4,507	5,436

2. Guarantee

As of December 31, 2023 and 2022, the Company's intangible assets had not been provided as collateral.

(11) Other current assets and other non-current assets

	2023.12.31	2022.12.31
Other current assets		
Temporary Payment	$ 235	380
Other non-current assets		
Refundable deposits	$ 312	339
Prepayment for equipment	5,483	-
	$ 5,795	339

(12) Short-term loans

	2023.12.31	2022.12.31
Unsecured bank loans	$ 100,000	100,000
Unused credit	$ 400,000	400,000
Interest Rate Range	1.7693%	1.356%

(13) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	2023.12.31	2022.12.31
Current	$ 738	726
Non-current	$ -	738

For maturity analysis, please refer to Note 6(22) Financial instruments.

The amounts recognized in profit or loss for leases are as follows:

	2023	2022
Interest expense on lease liabilities	$ 18	30
Short-term lease expenses	$ 787	92

Leases were recognized in the cash flow statement as follows:

	2023	2022
Total amount of cash outflow from lease	$ 1,531	836

1. Lease of land, buildings, and construction

The merged company rents buildings for store use, with a lease period of 5 years. At the end of the lease period, the merged company does not have a preferential purchase right for the leased building, and it is agreed that the merged company may not sublet or transfer all or part of the lease object without the lessor's consent.

2. Other leases

The merged company chooses to apply the exemption of recognizing short-term leases for stores that meet the criteria, and does not recognize related right-of-use assets and lease liabilities for these leases.

(14) Other current liabilities and Other non-current liabilities

		2023.12.31	2022.12.31
Other payables:			
Salaries and bonuses payable	$	16,439	31,673
Remuneration of staff and directors and supervisors		2,634	3,614
Leave payment payable		5,108	5,481
Commissions payable		19,919	18,814
Others		13,929	21,722
	$	58,029	81,304
Other current liabilities:			
Contract liabilities	$	15,158	20,467
Others		1,083	1,094
	$	16,241	21,561
Other non-current liabilities:			

(15) Employee benefits

1. Defined contribution plan

A reconciliation of the present value of the Company's defined benefit obligation to the fair value of plan assets is as follows:

		2023.12.31	2022.12.31
Current value of defined benefit obligations	$	54,549	56,785
Fair value of plan assets		(39,702)	(36,005)
Net defined benefit liability	$	14,847	20,780

The merged company allocates its defined benefit plan to the special account for labor retirement reserve at Bank of Taiwan. The retirement payment for each employee subject to the Labor Standards Act is calculated based on the basis obtained from years of service and the average salary of the six months before retirement.

(1) Composition of plan assets

The retirement fund provided by the merged company in accordance with the Labor Standards Act is managed by the Labor Fund Bureau of the Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). According to the "Regulations on the Receipt, Custody, and Use of Labor Retirement Funds," the use of the fund, the minimum annual revenue allocated, should not be lower than the revenue calculated at the local bank's two-year fixed deposit rate.

As of the reporting date, the balance of the Labor Retirement Reserve special account at Bank of Taiwan of the merged company is NT$39,702 thousand. The information on the use of labor retirement fund assets includes fund return rates and asset allocation of the fund, please refer to the information published on the website of the Labor Fund Bureau of the Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of the defined benefit obligations of the Company for the fiscal year 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligation at 1 January	$ 56,785	68,053
Service cost and interest in the period	926	548
-Actuarial gains and losses arising from changes in financial assumptions	482	(2,940)
Gains and losses arising from prior service costs	(2,147)	7,399
Benefits planned to be paid	(1,497)	(16,275)
Defined benefit obligation at 31 December	**$ 54,549**	**56,785**

(3) Changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the Company for the fiscal year 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets at 1 January	$ 36,005	41,956
Interest income	500	212
－Return on plan assets (Excluding current interest)	323	3,280
Contributions from scheme participants	4,371	6,832
Benefits paid by the plan	(1,497)	(16,275)
Fair value of plan assets at 31 December	**$ 39,702**	**36,005**

(4) Costs recognized in profit or loss

The following is a breakdown of the expenses reported as expenses by the Company for the years 2023 and 2022:

	2023	2022
Service cost in the period	$ 926	548
Net interest on net defined benefit liabilities (assets)	(500)	(212)
	$ 426	**336**

	2023	2022
Operating cost	$ 67	49
Promotion expense	14	15
Administration expense	326	260
R&D expenses	19	12
Total	**$ 426**	**336**

(5) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of the defined benefit obligation at the reporting date are as follows:

	2023.12.31	**2022.12.31**
Discount rate	1.250%	1.375%
Growth rate of salary	3.000%	3.000%

The Company expects to appropriate the amount of NT$681 thousand for the defined benefit plan within one year after the 2023 reporting date.

The weighted average durations of the 2023 and 2022 defined benefit plans are 7.1 years and 7.9 years, respectively.

(6) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted as of December 31, 2023, and 2022, on the present value of defined benefit obligations are as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023		
Discount rate (change 0.25%)	$ (958)	983
Growth rate of salary (change 0.25%)	949	(930)
Dec. 31, 2022		
Discount rate (change 0.25%)	$ (1,120)	1,134
Growth rate of salary (change 0.25%)	1,096	(1,071)

The above sensitivity analysis is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liability on the balance sheet.

The method and assumptions used to prepare the sensitivity analysis this period are the same as those of the previous period.

2. Defined contribution plan

The merged company's defined contribution plan is in accordance with the provisions of the Labor Pension Act. According to the contribution rate of 6% of the workers' monthly wages, it is contributed to the personal account of the Labor Pension of the Labor Insurance Bureau. After the merged company has contributed a fixed amount to the Labor Insurance Bureau under this plan, there is no legal or implied obligation to pay additional amounts.

The Company's pension expense under the defined contribution plan was NT$5,774 thousand and NT$5,772 thousand in 2023 and 2022, respectively; also, the amount had been appropriated to the Bureau of Labor Insurance.

(16) Income tax

1. Income tax expenses

A breakdown of the Company's income tax expense for the years 2023 and 2022 is as follows:

	2023	2022
Current income tax expense		
Generated in the fiscal year	$ 12,004	98,518
Adjustments for the prior year	824	3,631
Deferred income tax		
Occurrence and reversal of temporary differences	(5,543)	(59,697)
Income tax expenses	$ 7,285	42,452

The breakdown of the Company's income tax expense recognized under other comprehensive income for fiscal 2023 and 2022 is as follows:

	2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plan	$ 398	(236)
Gains or losses on valuation of financial assets at fair value through other comprehensive income	(152)	(2,039)
	$ 246	(2,275)
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange difference on translation of the financial statements of foreign operations	$ (6,077)	11,226

A reconciliation of the Company's income tax expense to net income before income taxes for fiscal years 2023 and 2022 is as follows:

	2023	2022
Net profit before tax	$ 21,310	228,913
Income tax at the Company's domestic tax rate	$ 4,262	45,783
Non-deductible expenses	1,216	(685)
Adjustment of current income tax in prior years	824	3,631
Additions to undistributed earnings	2,648	1,180
Unrecognized loss carryforwards	-	(4,598)
Unrecognized investment tax credit	(1,665)	(2,859)
Income tax expenses	$ 7,285	42,452

Notes to the parent company only financial statements of KAULIN MFG. CO., LTD.(Continued)

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets and liabilities recognised

Changes in deferred income tax assets and liabilities are as follows:

Deferred tax assets:

	2023.12.31				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Debit/credit equity	Ending Balance
Financial assets at fair value through other comprehensive income	$ 9,250	-	152	(9,402)	-
Exchange differences on translation of foreign operating institutions' statements	-	-	1,918	-	1,918
Defined Benefit Plan	9,740	(789)	(398)	-	8,553
Unused leave bonus	1,097	(76)	-	-	1,021
Loss on decline in value of inventories	11,119	4,150	-	-	15,269
Unrealized exchange losses	-	3,406	-	-	3,406
Other	4,826	(1,306)	-	-	3,520
	$ 36,032	5,385	1,672	(9,402)	33,687

	2022.12.31			
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Financial assets at fair value through other comprehensive income	$ 7,211	-	2,039	9,250
Exchange differences on translation of foreign operating institutions' statements	7,067	-	(7,067)	-
Defined Benefit Plan	10,803	(1,299)	236	9,740
Unused leave bonus	1,105	(8)	-	1,097
Loss on decline in value of inventories	9,779	1,340	-	11,119
Unrealized exchange gain	5,298	(5,298)	-	-
Other	2,901	1,925	-	4,826
	$ 44,164	(3,340)	(4,792)	36,032

Deferred income tax liabilities:

	2023.12.31			
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Undistributed earnings of subsidiaries	$ 191,776	4,406	-	196,182
Exchange differences on translation of foreign operating institutions' statements	4,159	-	(4,159)	-
Unrealized exchange gain	4,564	(4,564)	-	-
	$ 200,499	(158)	(4,159)	196,182

	2022.12.31				
	Beginning Balance		Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Undistributed earnings of subsidiaries	$	259,377	(67,601)	-	191,776
Exchange differences on translation of foreign operating institutions' statements		-	-	4,159	4,159
Unrealized exchange gain		-	4,564	-	4,564
	$	259,377	(63,037)	4,159	200,499

3. Income Tax Assessment Situation

The Company's business income tax settlement has been assessed by the tax collection authorities up to 2021.

(17) Capital and other interests

As of December 31, 2023 and 2022, the total registered capital of our company is 2,000,000,000 (in thousands), with a face value of 10 dollars per share, totaling 200,000,000 (in thousands of) shares. A total of 183,608 thousand shares were issued and payments for all issued shares have been collected.

1. Common share

The adjustment table for the number of the company's shares in circulation for the years 2023 and 2022 is as follows:

	2023.12.31		2022.12.31
Quantity of shares incurred	$	1,833,608	183,608
Less: Treasury shares		(1,500)	(1,500)
Outstanding shares		1,832,108	182,108

2. Capital reserves

The balance of the Company's capital reserve is as follows:

	2023.12.31		2022.12.31
Share issue premium	$	85,553	85,553
Consolidation Premium		114,042	114,042
Other changes in additional paid-in capital		58	4
	$	199,653	199,599

According to the company law, the capital reserve must first be used to offset losses before new shares or cash can be distributed according to the proportion of the original shares held by the shareholders using the realized capital reserve. The realized capital reserve mentioned above includes the excess proceeds from issuing shares at more than their par value and the proceeds from accepting donations. In accordance with the rules for handling the issuance of securities by issuers, the capital reserve that can be used for capital replenishment cannot exceed ten percent of the paid-in capital each year.

When employees of the company leave during the stock trust period, the Employee Welfare Trust Plan Committee will sell the trust-held shares of the resigned employees to third parties according to the trust agreement. The net amount of the proceeds from the disposal, minus the amount to be returned to the employees, is remitted back to the company. In 2023 and 2022, the amount is NT$54,000 and NT$4,000, respectively, and is credited to the equity account item of capital reserve - share issuance premium after the company repurchases and reissues the shares.

3. Retained Earnings

According to the articles of association of the company, if there is a surplus in the annual final settlement, taxes shall be paid first, followed by making up for the losses of previous years, then setting aside 10% of the statutory earnings reserve. However, this restriction does not apply when the statutory earnings reserve has reached the company's paid-in capital. In addition, a special earnings reserve shall be set aside based on the company's operating needs and legal provisions. If there is still a surplus, along with the undistributed earnings from the beginning of the period, the board of directors shall propose a profit distribution plan to be resolved at the shareholders' meeting.

The statutory earnings reserve should be set aside until the balance reaches the total amount of the company's paid-in capital. The statutory earnings reserve can be used to offset losses.

The company sets aside and reverses the special earnings reserve according to the regulations of the Financial Supervisory Commission with reference number JING-GUAN-ZHENG-FA-TZU-1090150022.

(1) Statutory earnings reserve

When the company has no losses, it may distribute new shares or cash to shareholders based on the statutory earnings reserve, subject to a resolution by the shareholders' meeting. However, the distribution is limited to the portion of the reserve exceeding 25% of the paid-in capital.

(2) Special earnings reserve

According to the regulations of the Financial Supervisory Commission, when distributing the distributable earnings of the company, the difference between the net amount of other equity items reduced in the current year and the balance of the special earnings reserve set aside in the previous paragraph shall be set aside from the current period's profit and loss and the undistributed earnings of previous periods. The accumulated amount of other equity items reduced in previous periods shall not be distributed and shall be set aside from the undistributed earnings of previous periods as a special earnings reserve. Subsequently, when other equity items are reversed, the distributable earnings can be distributed based on the reversed portion.

(3) Profit distribution

	2022		2021	
	Allotment Rate ($)	**Amount**	**Allotment Rate ($)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.80	$ 145,687	0.70	127,476

On March 14, 2024, the Company's Board of Directors proposed the appropriation of the 2023 earnings in respect of the distribution of dividends to owners as follows:

	2023	
	Allotment Rate ($)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.20	$ 36,422

Information on the distribution of earnings resolved at the Company's shareholders' meeting is available on the Market Observation Post System and other channels.

4. Treasury Stock

On March 25, 2021, the company's board of directors resolved to buy back shares to motivate employees and retain outstanding talent. It is anticipated that from March 26, 2021 to May 24, 2021, the company will repurchase 3,000,000 ordinary shares, with a repurchase price range of 13 to 19 dollars per share. If the share price falls below the lower limit of the repurchase price, repurchasing can continue. As of December 31, 2023, 1,500,000 repurchased shares that have not been cancelled are still held.

The company's held treasury stock cannot be pledged according to the Securities Trading Law and cannot enjoy shareholder rights before transfer.

5. Other equity (net after tax)

	Exchange difference on translation of the financial statements of foreign operations	Financial assets measured at fair value through other comprehensive income Unrealized gains or losses	Total
Balance on Jan. 1, 2023	$ (128,307)	(37,001)	(165,308)
Exchange differences on translation	(24,305)	-	(24,305)
Unrealized valuation loss of financial assets measured at fair value through other comprehensive income	-	(608)	(608)
Disposal of equity instruments at fair value through other comprehensive income	-	37,609	37,609
Balance on Dec.31, 2023	$ (152,612)	-	(152,612)
Balance on Jan. 1, 2022	$ (173,209)	(28,843)	(202,052)
Exchange differences on translation	44,902	-	44,902
Financial assets measured at fair value through other comprehensive income Unrealized gains or losses	-	(8,158)	(8,158)
Balance on Dec.31, 2022	$ (128,307)	(37,001)	(165,308)

(18) Earnings Per Share

The calculations of the Company's basic and diluted earnings per share are as follows:

1. Basic earnings per share

	2023	2022
Net profit attributable to equity holders of the Company's ordinary shares	$ 14,025	186,461
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,108
Basic earnings per share (NTD)	$ 0.08	1.02

2. Diluted earnings per share

	2023	2022
Net profit attributable to equity holders of the Company's ordinary shares	$ 14,025	186,461
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,108
Influence of dilutive potential common shares		
Effect of employee stock-based compensation (thousands of shares)	272	713
Weighted average number of common shares outstanding (after adjusting for the effect of dilutive potential common shares) (thousands)	182,380	182,821
Diluted earnings per share (NT$)	$ 0.08	1.02

(19) Income from customer contracts

1. Breakdown of revenue

The breakdown of the Company's revenue is as follows:

	2023	2022
Revenue recognised in respect of customer contracts	$ 1,048,128	2,085,979

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Notes receivable and accounts receivable	$ 423,152	537,995	543,143

	2023.12.31	2022.12.31	2022.1.1
Contract liabilities	$ 15,158	20,467	27,900

Please refer to Note 6 (4) for the disclosure of impairment of notes and accounts receivable.

The changes in contract assets and contract liabilities mainly stem from the difference in time between when the company transfers goods or services to customers to meet performance obligations and when customers make payments.

(20) Employee and director and supervisor remuneration

In accordance with the company's articles of association, if there are profits for the year, 2% to 8% should be allocated for employee remuneration and no more than 3% for director and supervisor remuneration. But when the company still has accumulated losses, it should reserve an amount to offset it in advance. The beneficiaries of the aforementioned employee remuneration in shares or cash include employees of subsidiary companies who meet certain conditions.

The estimated amounts of employee remuneration for the fiscal year 2023 and 2022 are NT$1,916 thousand and NT$8,434 thousand, respectively, and the estimated amounts of remuneration for directors and supervisors are NT$718 thousand and NT$3,614 thousand, respectively. The estimate is based on the company's pre-tax net profit for the period minus the amount before employee and director and supervisor remuneration times the distribution percentage for employee remuneration and director and supervisor remuneration set by the company's articles of association. There is no difference between the amount of employee, director, and supervisor remuneration distributed by the board of directors' resolution and the estimated amount in the company's individual financial statements for the years 2023 and 2022.

Notes to the parent company only financial statements of KAULIN MFG. CO., LTD.(Continued)

(21) Non-operating revenue/expense

1. Interest income

A breakdown of the Company's interest income for the years 2023 and 2022 is as follows:

		2023	2022
Bank Deposit Interest	$	**21,460**	**10,325**

2. Other income

A breakdown of the Company's other income for the years 2023 and 2022 is as follows:

		2023	2022
Rental income	$	13,344	11,344
Dividend income		771	991
Other income - Other		978	1,181
	$	**15,093**	**13,516**

3. Other benefits and losses

A breakdown of the Company's other gains and losses for the years 2023 and 2022 is as follows:

		2023	2022
Disposal of investment accounted for using the equity method loss	$	-	(26)
Foreign currency exchange gains (losses)		4,223	118,354
Other		1,744	(65)
	$	**5,967**	**118,263**

4. Financial costsrup

The financial cost breakdown of the Company for FY2023 and FY2022 is as follows:

		2023	2022
Interest on bank loans	$	(1,705)	(835)
Interest on lease liabilities		(18)	(30)
	$	**(1,723)**	**(865)**

(22) Financial instruments

1. Credit risk

(1) Maximum credit exposure

The book value of financial assets represents the maximum credit exposure.

(2) Concentration of credit risk

The credit risk of the Company by region mainly comes from some customers who are in politically and economically unstable environments or areas with foreign exchange controls. As of December 31, 2023, and 2022, the receivables and accounts receivable from these customers accounted for approximately 46% and 35% of the total receivables and accounts receivable, respectively.

The credit risk of the Company by customer is mainly concentrated in the two major customers located in the aforementioned regions. As of December 31, 2023, and 2022, the total amount of accounts receivable from the aforementioned customers accounted for 29% and 27% respectively.

2. Liquidity risk

The table below is the contract maturity date of financial liabilities, including estimated interest but not the effect of net amount agreements.

	Carrying amount	Contractual Cash Flow	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
December 31, 2023							
Non-derivative financial liability							
No interest-bearing liabilities	$ 225,786	225,786	118,198	44,794	62,794	-	-
Lease liabilities	738	744	62	124	558	-	-
Floating Rate Instrument	100,000	101,260	150	291	100,819	-	-
	$ 326,524	**327,790**	**118,410**	**45,209**	**164,171**	**-**	**-**
Dec. 31, 2022							
Non-derivative financial liability							
No interest-bearing liabilities	$ 454,640	454,640	148,425	174,092	132,123	-	-
Lease liabilities	1,464	1,488	62	186	496	744	-
Floating Rate Instrument	100,000	100,706	94	180	100,432	-	-
	$ 556,104	**556,834**	**148,581**	**174,458**	**233,051**	**744**	**-**

Our company does not anticipate that the timing of cash flows in the maturity date analysis will significantly advance, or that the actual amounts will be significantly different.

3. Exchange Rate Risk

(1) Exposure to exchange rate risk

Our company's financial assets and liabilities exposed to significant foreign exchange risk are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	**Exchange Rate**	**TWD**	**Foreign currency**	**Exchange Rate**	**TWD**
Financial assets						
Monetary items						
RMB/NTD	$ 26,755	4.3352	115,990	23,438	4.4094	103,349
USD/NTD	28,663	30.7050	880,104	44,168	30.7100	1,356,390
USD/RMB	-	-	-	13,930	6.9646	427,780
Non-monetary items						
JPY/NTD	124,954	0.2172	27,140	103,903	0.2324	24,147
Financial liabilities						
Monetary items						
USD/NTD	6,649	30.7050	204,144	13,197	30.7100	405,280
USD/RMB	-	-	-	5,898	6.9646	181,143

(2) Sensitivity Analysis

Our company's exchange rate risk for monetary items mainly comes from cash and cash equivalents, receivables, financial assets measured at fair value through other comprehensive income, borrowings, and payables denominated in foreign currencies, which generate foreign exchange gains or losses during conversion. As of December 31, 2023 and 2022, if the New Taiwan dollar depreciates or appreciates by 5% relative to the US dollar, RMB, and Yen, with all other factors remaining the same, the net profit after tax for 2023 and 2022 will increase or decrease by NT$39,598,000 and NT$52,723,000, respectively.

(3) Exchange loss on monetary items

Due to the diversity of functional currencies used by our company, we disclose information about exchange gains or losses on monetary items in an aggregate manner. The foreign exchange gain (loss) (including realized and unrealized) for 2023 and 2022 was NT$4,223,000 and NT$118,354,000, respectively.

4. Interest Rate Risk

As our company deposits funds at both fixed and floating interest rates and borrows funds at floating interest rates, it is exposed to interest rate risk.

Our company's interest rate risk for financial assets and financial liabilities is explained in the liquidity risk management section of this note.

The sensitivity analysis below is determined based on the interest rate exposure of non-derivative instruments on the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of assets and liabilities outstanding on the reporting date circulates throughout the year. The volatility used when reporting interest rates internally to key management personnel is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of interest rate changes.

If interest rates increase or decrease by 1%, with all other variables remaining the same, the net profit of our company for 2023 and 2022 will decrease or increase by NT$ 758,000 and NT$3,042,000, respectively. The main reason is the risk of our company's variable rate borrowings and variable rate bank deposits.

5. Other Price Risks

The company faces equity price risk due to its investment in listed equity securities. Such equity investments are not held for trading but are strategic investments. The company does not actively trade these investments. The company's equity price risk is primarily concentrated in the equity instruments of the same industry on the Japan Stock Exchange.

If the fair value of equity increases by 5% or decreases by 5%, the comprehensive income for the year 2022 will increase/decrease by NT$1,207,000, due to the changes in the fair value of financial assets measured at fair value through other comprehensive income.

6.Fair Value Information

(1) Types and fair value of financial instruments

The company's financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are based on recurring fair value measurements. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information, but excluding financial instruments whose carrying amounts are reasonable approximations of fair value and lease liabilities, which are not required to disclose fair value information) are presented as follows:

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Overseas Listed (Over-the-Counter) Stocks	$ 24,147	24,147	-	-	24,147

(2) Fair value measurement techniques for financial instruments measured at fair value

When financial instruments have active market quoted prices, their fair value is determined based on the active market quoted prices.

(23) Financial Risk Management

1. Summary

The company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents information on the company's exposure to each of these risks, the company's objectives, policies, and processes for measuring and managing risk. For further quantitative disclosures, please refer to the respective notes in the individual financial statements.

2. Risk management framework

The company's main financial instruments include equity investments, accounts receivable, accounts payable, lease liabilities, and borrowings. The Company's finance department serves various business units, coordinating and operating in domestic and international financial markets, managing financial risks related to the Company's operations through internal risk reporting analysis based on risk degree and breadth. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The financial management department reports to the Board of Directors quarterly.

The establishment of the company's risk management policy is to identify and analyze the risks the company faces, to set appropriate risk limits and controls, and to monitor the adherence to risk and risk limits. The risk management policy and system are regularly reviewed to reflect market conditions and changes in the company's operations. Through training, management standards, and operating procedures, the company develops a disciplined and constructive control environment so that all employees understand their roles and obligations.

The company's audit committee supervises how management monitors the company's adherence to its risk management policy and procedures, and reviews the appropriateness of the company's risk management framework for the risks it faces. Internal audit staff assist the audit committee in its oversight role. These personnel conduct regular and ad hoc reviews of risk management controls and procedures and report the review results to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, mainly arising from the company's accounts receivable from customers and securities investments.

(1) Accounts receivable and other receivables

The policy of our company is to only do business with parties with outstanding credit, and to obtain collateral when necessary to mitigate the risk of financial loss due to default. We only transact with enterprises rated as investment grade. Such information is provided by independent rating agencies; if such information is not available, the company will use other publicly available financial information and mutual transaction records to rate main customers. We continue to monitor credit exposures and the credit ratings of counterparties, distribute the total transaction amount among customers who are qualified by credit rating, and control credit exposure through transaction counterparty credit limit reviewed and approved by the Risk Management Committee annually.

Our company does not hold any collateral or other credit enhancements to avoid credit risk of financial assets.

(2) Investments

Credit risk of bank deposits and other financial instruments is measured and monitored by our Finance Department. Since our transaction partners and performers are all reputable banks and financial institutions, corporate organizations, and government agencies with an investment grade or above, there is no major doubt about their performance, thus there is no significant credit risk.

(3) Guarantees

Our company's policy is to only provide financial guarantees to wholly owned subsidiaries.

4. Liquidity Risk

Our company manages and maintains sufficient cash and cash equivalents and supports group operations to mitigate the impact of cash flow fluctuations. Our management supervises the credit status of bank financing limits and ensures compliance with loan contract terms.

5. Market Risk

(1) Foreign Exchange Risk

Our company is exposed to exchange rate risk generated by transactions denominated in non-functional currencies and investments in foreign operating entities. Our functional currency is mainly the New Taiwan Dollar. For the exchange rate risk generated, we adopt natural hedging operations, so market exchange rate changes will cause the market price of these financial products to change accordingly.

(2) Interest Rate Risk

Our company is exposed to the cash flow risk of interest rate fluctuations, mainly in the form of floating-rate bank current deposits, so market interest rate changes will cause the effective interest rate of these financial products to change, resulting in fluctuations in their future cash flows.

(24) Capital Management

Our company's capital management goals, policies, and procedures are consistent with those disclosed in the parent company only financial statements for the fiscal year 2023. Please refer to Note 6 (27) in the 2023 parent company only financial statements for related information.

(25) Non-cash Investing and Financing Activities

The non-cash investing and financing activities of the Company for the years 2023 and 2022 are as follows:

1. Acquisition of right-of-use assets through lease arrangements, please refer to Note 6(8) for details.
2. Adjustments to liabilities arising from financing activities are as shown in the table below.

			Change in non-cash				
	2023.1.1	**Cash Flow**	**Acquisitions**	**Exchange rate changes**	**Changes in fair value**	**Changes in Lease Payments**	**2023.12.31**
Short-term loan	$ 100,000	-	-	-	-	-	100,000
Lease liabilities	1,464	(726)	-	-	-	-	738
Total liabilities from financing activities	**$ 101,464**	**(726)**	**-**	**-**	**-**	**-**	**100,738**

			Change in non-cash				
	2022.1.1	**Cash Flow**	**Acquisitions**	**Exchange rate changes**	**Changes in fair value**	**Changes in Lease Payments**	**2022.12.31**
Short-term loan	$ 100,000	-	-	-	-	-	100,000
Lease liabilities	2,178	(714)	-	-	-	-	1,464
Total liabilities from financing activities	**$ 102,178**	**(714)**	**-**	**-**	**-**	**-**	**101,464**

7. Transaction with related parties

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(2) Name of related party and its Relationships

The related parties who had transactions with the Company during the period covered by this standalone financial statement are as follows:

Name of related party	Relationship with the Company
KAULIN Foundation (Kaulin Foundation)	Substantial Related Parties
GUANLIN Investment Co.	Substantial Related Parties
Lin Pei-Chia	Substantial Related Parties
SIRUBA Latin America	A subsidiary of the Company
SIRUBA Investments Singapore	A subsidiary of the Company
SIRUBA Vietnam	A subsidiary of the Company
Ningbo KAOYIN Company	A subsidiary of the Company

(3) Significant transactions with related parties

1. Operating revenue

The Company's significant sales to related parties were as follows:

Accounting item	Type of related party/Name	2023	2022
Revenue from sales	Substantial Related Parties	$ 10	16
	Subsidiaries:		
	SIRUBA Latin America	$ -	331,183
	SIRUBA Vietnam	21,401	161,101
	Ningbo KAUYIN Company	34,742	57,434
Sales returned	Subsidiaries:		
	SIRUBA Latin America	(46,014)	-
		$ 10,129	549,718

The transaction price and terms of payment for the Company's sales to related parties are not significantly different from those of non-related parties.

2. Purchases

The amount of goods purchased by the Company from related parties is as follows:

Type of related party/Name	2023	2022
Subsidiaries:		
Ningbo KAUYIN Company	$ 789,910	1,665,202
	$ 789,910	1,665,202

The Company's purchase prices to the above companies are not significantly different from the prices that the Company would normally charge to manufacturers.

3. Related party receivables

The breakdown of the amounts due from the Company's related parties is as follows:

Accounting item	Type of related party/Name	2023.12.31	2022.12.31
Accounts receivable	Subsidiaries:		
	SIRUBA Latin America	$ -	50,015
	Ningbo KAUYIN Company	22,577	18,452
	SIRUBA Vietnam	74,653	176,467
		$ 97,230	244,934

4. Related party payables

The breakdown of amounts due to related parties by the Company is as follows:

Accounting item	Type of related party/Name	2023.12.31	2022.12.31
Accounts payable	Subsidiaries:		
	Ningbo KAUYIN Company	$ 153,918	356,940

5. Loans to related parties

The Company's loans to the related parties are disbursed as follows:

Type of related party/Name	2023.12.31	2022.12.31
Subsidiaries:		
SIRUBA Vietnam	$ 17,157	-
	$ 17,157	-

The Company's loaning of funds to related parties is with interest accrued at the average interest rate of the Company's short-term borrowings from financial institutions in the year, and the loans are unsecured. After assessment, no impairment loss is required. The Company recognized related interest income of NT$1,178 thousand in 2023, and the amount of interest receivable as of December 31, 2023 was NT$1,178 thousand.

6. Lease

Type of related party/Name	Lease liabilities		Interest expense	
	2023.12.31	2022.12.31	2023	2022
Substantial Related Parties—Lin Pei-Chia	$ 738	1,464	18	30

The Company leases buildings from Substantial Related Parties in January 2020, all for a term of five years, at a fixed monthly lease payment based on a lease agreement with reference to rental rates for similar assets.

7. Others

Accounting item	Type of related party	2023	2022
Donation	Substantial Related Parties－KAULIN Foundation	$ 2,000	3,000

8. Capital increase in subsidiaries and distribution of dividends

In order to enrich the working capital of the Vietnam subsidiary, SIRUBA Vietnam, the Board of Directors resolved on June 30, 2023 to issue capital increase in cash for the subsidiary, SIRUBA Vietnam, with an amount of US$2,000 thousand , the relevant capital increase procedures were completed on September 19, 2023.

On April 6, 2022, the Board of Directors of the Company's subsidiary, SIRUBA Singapore, resolved to distribute cash dividends of RMB 80,643 thousand. The related dividends were received and were recognized as an investment deduction under equity method.

(4) Key management personnel transactions

Key management compensation includes:

		2023	2022
Short-term employee benefits	$	29,586	21,372
Benefits after retirement		924	748
	$	30,510	22,120

8. Pledged assets: None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Company signed contracts with ARES INTERNATIONAL CORP., Neweb Technologies Co.,Ltd., and Oracle Taiwan in 2023 to conduct ERP system upgrades. The total contract price was about NT$26,370 thousand. As of December 31, 2023, NT$5,250 thousand have been paid.

10. Significant Disaster Losses: None.

11. Material events after the period: None.

12. Others

(1) The employee benefits, depreciation, depletion and amortization expense functions are summarized as follows:

Function / Nature	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Staff Welfare Costs						
Salary Costs	41,901	85,979	127,880	41,201	103,424	144,625
Health Insurance Costs	4,659	8,112	12,771	4,333	8,206	12,539
Pension costs	1,597	4,603	6,200	1,533	4,575	6,108
Directors' remuneration	-	718	718	-	3,614	3,614
Other staff benefit costs	1,762	3,634	5,396	2,015	4,266	6,281
Depreciation expense (Note)	13,059	3,933	16,992	13,244	3,363	16,607
Amortization expense	11	4,507	4,518	-	5,436	5,436

Note: Depreciation expenses for investment properties are reported as a deduction from other income. The amounts listed in the deduction of other income as of Dec. 31, 2023, and Dec. 31, 2022, are NT$27 thousands and NT$36 thousands, respectively.

Additional information on the number of employees and employee benefit costs for the Company's fiscal years 2023 and 2022 is as follows:

	2023	2022
Number of employees	172	189
Number of directors who are not also employees	2	2
Average employee benefit costs	$ 896	907
Average staff salary costs	$ 752	773
Adjustments to average staff salary costs	(2.72)%	

Information on the Company's salary and remuneration policy (including directors, managers, and employees) is as follows: The Company's policy, standard, and combination for remuneration, and the procedures for setting remuneration, are mainly implemented in accordance with the personnel regulations. The remuneration paid to directors includes independent director remuneration, director remuneration from profit distribution, and travel expenses. Independent directors receive a fixed amount of remuneration each year; director remuneration from profit distribution is according to the company's articles of association, if there is profit in the year, not more than three percent is allocated as director remuneration, submitted to the board of directors for resolution and reported at the shareholders' meeting, while independent directors do not participate in director remuneration from profit distribution; travel expenses are paid according to the level of the same industry, according to the attendance of the board of directors at the board of directors and functional committees under the board of directors. Manager remuneration, in addition to the relevant methods of the company's personnel regulations, also considers the scope of responsibility of the position, personal performance and educational qualifications, and references the salary level of the same type of position in the same industry market. Employee salary policy mainly consists of monthly salary, festival bonus, year-end bonus, performance bonus, performance bonus; and the distribution indicators for employee dividends, in addition to reviewing the level of the same industry and considering the overall operating performance and profitability of the company, the achievement rate of the overall operating goals of each unit to the company, etc., are all important considerations for distribution.

13. Disclosures

(1) Information on major transactions

In 2023, according to the provisions of the Financial Reporting Preparation Guidelines for Securities Issuers, the Company should disclose the following relevant information about significant transaction matters:

1. Lending to others:

Unit: NT$ thousands

No. (Note 1)	Lending company	Borrower	Account used	Related party	Current maximum amount	Ending Balance	Actual spending Amount	Interest Rate Range	Nature of the loaning of funds (Note 2)	Business transaction amount	The reasons for the necessity of short-term financing facility	Allowance for losses	Collateral		Limit of loans to individual borrowers	Total limit of loans
													Name	Value		
0	The Company	SIRUBA Vietnam	Other receivables- Related party	Yes	112,487	17,157	17,157	2.867%	1	91,827		-	None	-	91,827	717,470

Note 1: The information on the lending of funds by the Company and its subsidiaries should be divided into two tables and indicated in the number column. The number should be filled in as follows:
(1) "0" for the Company.
(2) Subsidiaries are numbered sequentially from 1.
Note 2: 1- A business associate.
2- Where necessary for short-term financing.
Note 3: The limit of individual loans of the Company is limited to the average amount of business transactions between both parties in the last three years, and the total amount of loans is limited to 20% of the net worth of the Company.

2. Endorsement and guarantee for others:

Unit: NT$ thousands

No.	Endorser Company Name	Endorsed by		For a single company Endorsement Guarantee Limit	The highest endorsement in this issue Guaranteed Balance (Note 2)	End-of-Term Memorization Guaranteed Balance (Note 2)	Actual spending Amount (Note 2)	Guaranteed by property Endorsement Guarantee Amount	Ratio of accumulated endorsement guarantee amount to net worth of the most recent financial statements (%)	Endorsement Guarantee Maximum limit	Parent company For subsidiaries Endorsement Guarantee	Subsidiaries For the parent company Endorsement Guarantee	Endorsement guarantee for mainland China
		Company Name	Relationships										
0	KAULIN MFG.	Ningbo KAUYIN Company	Sub-Subsidiary	1,793,676 (Note 1)	153,525	-	-	-	- %	3,587,351 (Note 3)	Y	N	Y

Note 1: The limit for guarantees and endorsements to a single enterprise is 50% of the most recent audited or reviewed net worth based on the accountant's certification.
Note 2: The amounts in New Taiwan Dollar are based on the exchange rate as of December 31, 2023.
Note 3: The total amount of guarantees provided shall not exceed the most recent audited or reviewed net worth based on the accountant's certification.

3. Marketable securities held at the end of the period (Excluding investment in subsidiaries, associated undertakings and joint venture interests): None.
4. The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousands

Import (Sales) of the company	Transaction counterparty	Relationships	Transaction Scenario				Terms of Transaction is different from the general transaction and the reasons why		Receivable (paid) bills and accounts		Remark
			Import (Sales)	Amount	Percentage of total import (sales)	Credit Period	Unit price	Credit Period	Balance	Percentage of total receivables (paid) Bills and Accounts % of the ratio	
KAULIN MFG.	Ningbo KAUYIN Company	Sub-Subsidiary	Import	789,910	87 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(153,918)	(92)%	
Ningbo KAUYIN Company	KAULIN MFG.	The ultimate parent company	Sales	(789,910)	(65) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	153,918	50%	

8. Receivables from related parties amounting to at least NT$100 million or 20 percent of the paid-in capital:

Unit: NT$ thousands

Companies with accounts receivable	Transaction counterparty	Relationships	Balance of amounts due from related parties	Turnover rate	Overdue amounts due from related parties		Amounts due from related parties recovered in the period (Note 2)	Allowance for losses
					Amount	Method		
Ningbo KAUYIN Company	KAULIN MFG.	The ultimate parent company	153,918	3.09%	-		149,220	-

Note 1: As of March 14, 2024.

9. Engagement in derivative transactions:

Please refer to Note 6(2).

(2) Information about the investment business:

Information on the Company's investees for fiscal 2023 is as follows (excluding Mainland China investees):

Unit: NT$ thousands

Name of the Investment Company	Name of the Investee Company	Location	Main businesses	Original investment amount		Shares held as of the end of the period			Investee company Profit or loss for the period	The investment income or loss recognized during the period was Investment income or loss	Remark
				End of the period	Late last year	Number of shares	Ratio %	Carrying amount			
KAULIN MFG.	SIRUBA Singapore	Singapore	Investments, Holdings	1,089,612	1,089,612	2,000,000	100.00%	1,664,807	(14,585)	(4,614) Note 2	Subsidiary
〃	SIRUBA Latin America	United States	Sales of industrial sewing machines	50,468	50,468	300	100.00%	215,789	63,434	63,434	Subsidiary
〃	SIRUBA Vietnam	Vietnam	Sales of industrial sewing machines	73,371	9,381	-	100.00%	9,198	(36,786)	(36,786)	Subsidiary
SIRUBA Latin America	Young Da LLC	United States	General investment	-	61,410 (USD2,000) (Note 1)	-	100.00%	11,452	91,690	-	Subsidiary

Note 1: Converted based on the exchange rate of USD 1: NTD 30.705 at the end of the period.
Note 2: Represents adjustment for unrealized gain on inter-parent-subsidiary transactions.

(3) Information of Investment from Mainland China:

1. Information on the name and main business items of the investee company in Mainland China:

Unit: NT$ thousands

Mainland China Investee Company Name	Main businesses	Paid-in capital (Note 3,5)	Investment Method	The beginning of the current period is from Accumulated remittances from Taiwan Investment Amount (Note 3)	Remittance or Investment recoveries Amount		The cumulative investment from Cumulative investment remitted from Taiwan Amounts (Note 3)	Investee company Profit or loss for the period	Shareholding percentage of the Company's direct or indirect investments	Recognized during the period Investment income or loss (Note 2)	Book value of investment at the end of the period	Repatriated investment income (Note 2, 3)
					Export	Take back						
Ningbo KAUYIN Company	Manufacture and sale of industrial sewing machine parts, accessories and equipment.	1,120,733 (USD36,500)	(1)	336,220 (USD10,950)	-	-	336,220 (USD10,950)	(14,305)	100.00%	(4,335)	1,643,506	894,502 (USD29,132)

Note 1: Investments in Mainland China companies through reinvestment of existing companies in the third area.
Note 2: It is calculated based on the audited financial statements of the parent company.
Note 3: The above amounts of paid-in capital, outbound investment amount, and repatriated investment income are converted based on the exchange rate of USD 1: NTD 30.705.
Note 4: The actual paid-in capital of Ningbo KAOYIN Company includes the original Kaulin Electromechanical Industry (Shenzhen) Co., Ltd.'s retained earnings reinvestment and merger amount of USD 25,550 thousands.

2. Investment quota to Mainland China:

Cumulative amount of investment from Taiwan to China at the end of the period	Investment Audit Committee of Ministry of Economic Affairs approves investment in Amount (Note)	Investment quota in Mainland China according to the Investment Commission of the Ministry of Economic Affairs
336,220 (USD10,950)	1,120,733 (USD36,500)	2,152,411

Note: The approved investment amount by the Investment Commission includes the earnings reinvestment and merger amount of the original KAULIN Electromechanical Industry (Shenzhen) Co., Ltd., totaling USD 25,550,000.

3. Significant transactions with Mainland China investee companies:

For significant transactions directly or indirectly between the Company and the mainland-invested companies from January 1, 2023, to December 31, 2023, please refer to Note 13 (1).

(4) Major shareholder information:

Shares Name of Major Shareholder	Number of shares held	Shareholding ratio
HONGLIN Investment Co.	43,263,015	23.56%
LIN, YU-WEN	15,496,873	8.44%

Note: (1) The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the last business day of each quarter, considering the common shares and preferred shares held by shareholders that have completed non-physical registration and delivery (including treasury shares), totaling more than 5% of the company's shares. The number of shares recorded in the company's financial reports as capital may differ due to different calculation bases or factors.

14. Segment Information

Please refer to the 2023 parent company only financial statements.

VI. Financial difficulties experienced by the Company or its affiliates in the most recent year or during the current year up to the date of publication of the annual report, and the impact on the Company's financial position: None.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Comparison and Analysis of Financial Position (Consolidated) Unit: NTD thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	2,942,394	3,254,355	-311,961	-9.59
Non-current assets	1,225,297	1,355,851	-130,554	-9.63
Total assets	4,167,691	4,610,206	-442,515	-9.60
Current liabilities	369,310	645,845	-276,535	-42,82
Non-current liabilities	211,030	222,079	-11,049	-4.98
Total liabilities	580,340	867,924	-287,584	-33.13
Share capital	1,836,081	1,836,081	-	-
Capital reserves	199,653	199,599	54	0.03
Retained earnings	1,728,288	1,895,969	-167,681	-8.84
Other equity	-152,612	-165,308	-12,426	-7.52
Treasury shares	-24,056	-24,059	-	-
Total liabilities	3,587,351	3,742,382	-155,031	-4.14

1. The main reason for the material changes in assets, liabilities and shareholders' equity in the last two years, and the main reason that causes more than 20% of the effect to the changes thereof: The change in current liabilities and total liabilities was due to the decrease in short-term borrowings in the current liabilities of the current year.
2. Countermeasure: There have been no significant changes in assets, liabilities and shareholders' equity in the last two years. In the future, the Company will continue to fully comply with risk management principle based on the premise of saving capital cost and improving the financial structure without affecting the operating cash reserve.

II. Financial performance

(I) Comparison and analysis of financial performance

Comparation and Analysis of Operating Results (Consolidated) Unit: NTD thousand

Item/Year	2023	2022	Increase (decrease) amount	Increase (decrease) rate (%)
Operating revenue	1,420,562	2,101,782	-681,220	-32.41
Operating cost	1,217,317	1,696,072	-478,755	-28.23
Gross profit	203,245	405,710	-202,465	-49.90
Operating expense	308,563	311,132	-7,569	-2.43
Net operating profit	-105,318	94,578	-199,896	-211.36
Non-operating income and expense	63,446	164,823	-101,377	-61.51
Net profit before tax	-41,872	259,401	-301,573	-116.14
Income tax expense (profit)	7,537	73,003	-65,466	-89.68
Income after tax of the discontinued operation	63,434	63	63,371	100,588.89
Net income (loss) for the year	14,025	186,461	-172,436	-92.48
Net profit attributable to owners of the Company	14,025	186,461	-172,436	-92.48
Post-tax earnings per share (Note)	0.08	1.02	-0.94	-92.16

1. Analysis of difference:
   (1) Changes in operating revenue, operating cost, gross profit and net operating profit were mainly due to the unfavorable market conditions in the current year and the Company's performance decline.
   (2) The decrease in non-operating income and expenses was mainly due to the decrease in exchange gains resulted from exchange rate fluctuations.
   (3) Reclassification of gains and losses on discontinued operations in 2022.
2. The expected sales volume and its basis, the possible impact on the Company's future finance and business, and the countermeasures: The Company has always focused on the development of the main business, and there has been no significant change in the scope of business. The market development in the coming year is also forecasted and controlled in detail. The countermeasure for the impact on the financial business is to be handled in accordance with the regular business unit meetings and the resolutions by the Board of Directors after sufficient discussion, in order to maintain the Company's expected steady growth of sales volume year by year.

Note: Calculated based on the weighted average number of outstanding shares.

(II) Analysis of changes in gross profit: The gross profit margin of this year was 14.31%, which fell by 25.85% from 19.30% of the previous year. This was mainly due to a drop in turnover from unfavorable market conditions, which resulted in decreased output and increased unit cost, and the price reduction and promotion policy.

III. Cash flow

(I) Liquidity Analysis of the Most Recent Two Years (Consolidated)

Year / Item	2023	2022	Percentage of increase or decrease (%)
Cash flow ratio (%)	80.93	25.02	223.46
Cash flow adequacy ratio (%)	112.07	56.71	97.62
Cash reinvestment ratio (%)	2.94	0.62	374.19
Analysis of changes in the percentage of increase or decrease: Increase in cash flow ratio, cash adequacy ratio and cash reinvestment ratio: This was mainly due to the decrease in inventory, which caused the increase in net cash flow from operating activities. The Company has sufficient cash, and the ability to pay debts and invest in the short term.			

(II) Remedial measures for insufficient cash and analysis of liquidity: None

(III) Cash flow analysis for the coming year (Consolidated)

Unit: In thousands of NTD

Cash balance at the beginning of the year （A）	Expected net cash flow from operating activities for the year （B）	Expected net cash outflow for the year （C）	Expected cash surplus (deficit) amount （A）＋（B）－（C）	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
736,967	500,000	500,000	736,967	-	-
1. Cash flow analysis for the coming year: Operating activities: This was mainly due to the net cash inflow from the Company's operating revenues in 2024. Financing activities: This was mainly due to the expected distribution of cash dividends in 2023. 2. Remedial measures for insufficient cash and analysis of liquidity: None.					

IV. Impact of major capital expenditures in the most recent year on financial operations: None.

V. Investment policy for the most recent year, the main reason for its profit or loss, improvement plan, and investment plan for the coming year:

Unit: In thousands of NTD

Item \ Description	Policy	Amount of profit (loss)	Main reason for profit (loss)	Improvement plan	Investment plan for the coming year
SiRUBA Latin America Inc. (Consolidated)	Sales of industrial sewing machines	63,434	In the process of liquidation, the gain from sales of property by the subsidiary was recognized.	-	-
SIRUBA Vietnam	Sales of industrial sewing machines	-36,786	1. Poor market conditions and reduced sales. 2. The bad debt charge for accounts receivable has increased.	Proactively expand business and collect receivables.	-
SiRUBA Singapore Investment Inc. (Consolidated)	Investments, Holdings	-14,585	1. Poor market conditions and reduced sales. 2. Lower production capacity and higher unit costs, which reduced operating gross profit.	Actively expand business and strive to reduce costs.	-
Ningbo KAUYIN Company	Manufacture and sale of industrial sewing machine parts, accessories and equipment.	-14,305			
Young Da LLC	General investment	91,690	In the process of liquidation, the Company gained profit from the sale of property.	-	-

VI. Risk assessment

(I) Impacts of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures:

1. Changes in interest rates:

(1) Impact on the Company’s profit and loss: The Company's cash flow risk from changes in interest rate was mainly due to bank deposits with floating interest rates. Therefore, market interest rate changes will cause the effective interest rate of these financial products to change, resulting in fluctuations in their future cash flows.

(2) Future countermeasures: The current market interest rate remains low, and the Company's borrowing demand is not large, so it is less affected by interest rate fluctuations.

2. Changes in foreign exchange rates:

(1) Impact on the Company's profit and loss: The Company's policy is to adopt natural hedging for the exchange rate risk arising from the purchase or sales of goods denominated in non-functional currencies. Thus, changes in market exchange rates will have the financial instruments change with the fair value.

(2) Future countermeasures:

A. Before a business unit makes a quotation to a customer, the unit shall first carefully evaluate the exchange rate trend, comprehensively consider the possible impact of exchange rate changes, and adopt a rather stable and conservative exchange rate as the basis for quotation. By doing this, the negative impact of an increase or decrease in the value of NTD on the profit of the received orders will be reduced to the minimum.

B. To always collect information on exchange rate changes, fully grasp the domestic and foreign exchange rate trends, and evaluate, convert or continue to hold foreign currency assets in a timely manner to avoid the risk of exchange rate changes.

C. The Company has formulated the "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". With the Procedures, the Company is able to regulate the processing of derivative transactions, improve the internal control system, study the exchange rate Meanwhile, and moderately hold liabilities in weak currencies to reduce USD exposure risk.

3. Inflation:

(1) Impact on the Company’s profit or loss: Trivial

(2) Future countermeasures: The Company will make responsive adjustments depending on the changing trend.

(II) The policy of engaging in high-risk and high-leverage investment, loaning of funds to others, endorsements and guarantees, and derivative transactions, the main reasons for profit or loss, and future countermeasures:

1. The Company focuses on its core business, adopts a conservative and stable financial policy, and prohibits high-risk and high-leverage investments.

2. Endorsements/guarantees provided by the Company in the most recent year and up to the publication date of this annual report:

The Company made endorsements/guarantees for the subsidiary, Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd., by raising external debts amounting to USD 5,000 thousand due to working capital requirements. The endorsements/guarantees were made in accordance with the "Procedures for Endorsements and Guarantees" and were repaid on March 20, 2023, and the joint liability was removed.

3. Loaning of funds to others in the most recent year and up to the publication date of this annual report:

As of March 31, 2023, the amount of accounts receivable of the Company’s subsidiary, SiRUBA Vietnam Inc., that was overdue for more than 3 months was USD 3,694,163.04 @30.45 = NTD 112,487,265, which was required to report to the Board of Directors to decide whether it was loaning of funds. Based on the resolution made by the Board of Directors on May 11, 2023, the amount was classified as "Loaning of Funds". From the date of the Board's resolution, the Company shall made the announcement in accordance with the regulations, transfer the appropriate accounting items, impute interest income, and propose repayment plan. All cases had been settled and closed as of the date of publication of the annual report.

4. Derivative transactions in the most recent year and up to the publication date of this annual report:

The purpose of engaging in derivative transactions is to avoid the exchange rate and interest rate risks exposed by business, financing and investment activities. In the most recent year and up to the publication date of the annual report, the Company did not apply hedge accounting to report as derivatives of financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading. The details are as follows:

	Contract amount (Thousand)		Currency	Expiration Date
Purchase of forward exchange	NTD USD	59,760 / 2,000	NTD/USD	2023.02.02 to 2023.05.02

In 2023, the Company recognized a net gain on financial assets at fair value through profit or loss of NTD 1,790 thousand, which was recorded under "other gains and losses".

(III) Future R&D plans and expected R&D expense for investments:

The Company upholds the corporate ideal of honesty, professionalism, and innovation. With the continuous growth and evolution of the industrial sewing machine market, the Company continues to invest in product research and cultivating design talent for the sewing equipment industry. The Company recruits R&D employees to develop sewing equipment and design innovations to spread the beauty of sewing across the globe.

We promote industry-academia collaboration programs to strengthen the interaction and connection between academic research and industrial development. Moreover, we introduce the energy of academic research and development into the industry, and cultivate talent that meet the needs of the sewing industry through schools units. At the same time, we increase the opportunities for collaboration between industry and academia, and promote the development of the entire sewing industry.

The Company’s position in the market is to supply global apparel manufacturers, and the sustainability concept is introduced into the design and development of sewing machines. We have invested in more than thirty R&D employees and relevant development assistants for the research and development of overlock machines, three-needle interlock machines, and multi-needle interlock machines. Additionally, we engage in the design of oil-free/micro-oil mechanical structure, green structure and electric control design and development, semi-automatic sewing accessories development, IOT intelligent and digital sewing equipment development, special - multi-axis server and stepper mechatronic control system, etc. The R&D expenditure required for this year is expected to be approximately NTD 80 million.

(IV) The impact of changes in important domestic and foreign policies and laws on the Company's finance and business, and countermeasures: The Company pays close attention to the domestic and foreign political and economic situations, major policies and changes in laws and regulations, and arranges personnel to receive professional training if necessary. Legal advisors are also appointed for any consultation at all time.

(V) The impact of technological changes and industry changes on the Company's finance and business, and countermeasures: The Company is able to grasp, analyze and utilize the technological trends of relevant industries in a timely manner. All of our technological developments focus on market current, which is sufficient to adapt to the impacts from technological and industrial changes.

(VI) The impact of changes in corporate image on corporate crisis management and countermeasures: The Company has always adhered to the business philosophy of honesty and pragmatism, and attached great importance to corporate image and risk control. There were no foreseeable crisis events.

(VII) Expected benefits and possible risks associated with mergers and acquisitions: None.

(VIII) Expected benefits and possible risks associated with any plant expansion: Not applicable.

(IX) Risks of concentration of purchases or sales: The Company's purchases and sales are as disclosed in the Operational Overview section of this report. At present, there is no excessive concentration. However, for the growth development of the Company and the industry in the future, we still need to perform diversification, separate suppliers and clients in order to maintain a balanced and stable operating result as the goal for the Company's efforts .

(X) The impacts and risks of transferring and replacing shares of directors or major shareholders holding more than 10% of shares on the Company: None.

(XI) The impacts and risks of changes in management on the Company: None.

(XII) Material litigation, non-litigation or administrative proceedings involving the Company, directors, supervisors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and subsidiaries that have been finalized or are still under judgment, and the outcome of which may have a significant impact on shareholders' equity or securities prices: None.

(XIII) Other important risks: None.

VII. Other important matters: None

Eight. Special Notes

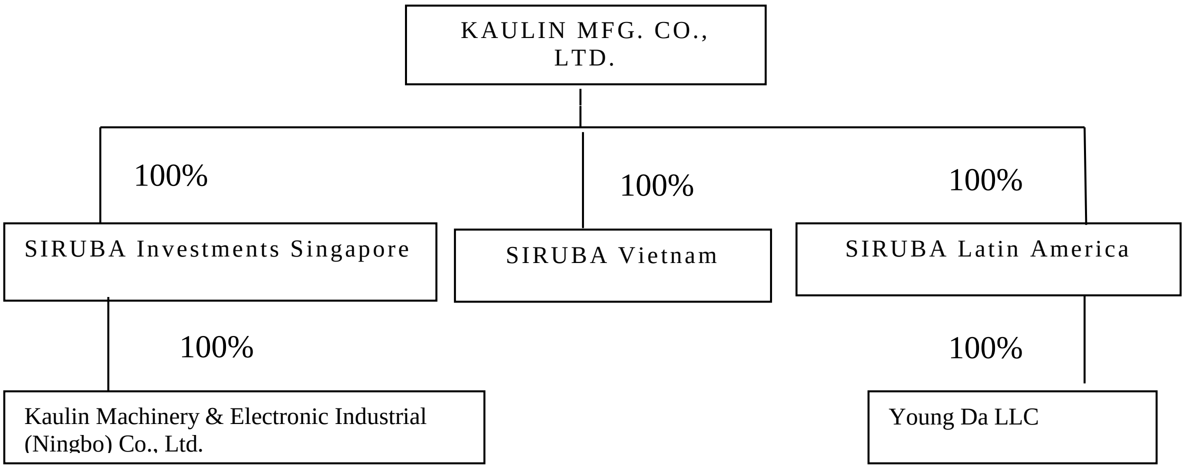
I. Information on affiliates

(I) Consolidated Business Report of Affiliates

1. An overview of affiliates

(1) Organizational chart of affiliates

A. Organizational chart



B. Summary of affiliates and organizations

KAULIN MFG CO, LTD (the holding company) was established on October 5, 1965, and is mainly engaged in the manufacture, assembly and sale of various industrial sewing machines and their components.

The holding company was listed on TPEx on June 2, 1999, and began listing on TWSE on September 11, 1990.

The subsidiary, SiRUBA Latin America Inc., is 100% owned by the controlling company, established in March 1991 in the U.S. SiRUBA Latin America Inc. is mainly engaged in the trading, maintenance, and import and export of industrial sewing machines and components.

The subsidiary company, SiRUBA Singapore Investment Inc., was founded in August 1997 by the controlling company holding 100% of its equity. SiRUBA Singapore Investment Inc. was mainly a holding company of the controlling company's indirect investment in Kaulin Machinery and Electronic Industrial (Ningbo) Co.,Ltd. Because the controlling company had direct control over the personnel, finance and business operations of such company, Kaulin became its substantial controlling company.

The subsidiary, Kaulin Machinery and Electronic Industrial (Ningbo) Co., Ltd., was established in March 2005 in Mainland China, and is mainly engaged in the manufacture, assembly and sale of industrial sewing machine components, accessories and equipment.

The subsidiary, Yongda Co., Ltd., with 100.00% of the equity of it held by the Control Company, was established in June 2012 in the U.S., and is mainly engaged in general investment business.

The subsidiary company, SiRUBA Vietnam, was established in September 2019 in Vietnam by the controlling company with 100% of the equity, and is mainly engaged in the trading, maintenance, and import and export of industrial sewing machines and components.

(2) The name, date of establishment, address, paid-in capital, and main business of each affiliate

Unit: NTD thousand

Enterprise name	Date of establishment	Address	Paid-in capital	Main business or production items
KAULIN MFG. CO., LTD.	October 1965	11F., No. 128, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City	1,850,081	Manufacturing, assembly and sales of industrial sewing machines and their components
SIRUBA Latin America	March 1991	11380 NW 36th TERRACE, DORAL, FL33178, United States.	10,332	Sales of industrial sewing machines
SIRUBA Investments Singapore	August 1997	190 Middle Road #17-05 Fortune Centre, Singapore 188979	38,378	Investments, Holdings
Kaulin Machinery & Electronic Industrial (Ningbo) Co., Ltd.	March 2005	No.16, Longtanshan Rd., Beilun Dist., Ningbo City	1,218,912	Manufacturing, assembly and sales of industrial sewing machines and their components
Young Da LLC	June 2012	11380 NW 36th TERRACE, DORAL, FL33178, United States.	58,456	General investment
SIRUBA Vietnam	September 2019	No. B5, D4, Cau Giay New Urban Area, Dich Vong Ward, Cau Giay, Hanoi, Vietnam.	73,371	Sales of industrial sewing machines

(3) Those presumed to have a controlling and subordinate relationship: None

(4) For the industries covered by the business operations of the affiliates as a whole, if the businesses operated by each affiliates are related to each other, the relationship and respective duties shall be explained

Company Name	Controlling (subordinate) company	Controlling (subordinate) relationship	Businesses operated by affiliates and their respective duties
KAULIN MFG. CO., LTD.	Controlling company	-	Manufacturing, assembly and sales of various industrial sewing machines and their components
SIRUBA Latin America	Subsidiary	Shareholding control	Trading, maintenance, import and export of industrial sewing machines and components
SIRUBA Vietnam	Subsidiary	Shareholding control	Trading, maintenance, import and export of industrial sewing machines and components
SIRUBA Investments Singapore	Subsidiary	Shareholding control	Holding company of a controlling company's indirect investment in Mainland China
Kaulin Machinery & Electronic Industrial (Ningbo) Co., Ltd.	Subsidiary	Shareholding control	Manufacturing, assembly and sales of various industrial sewing machines and their components
Young Da LLC	Subsidiary	Shareholding control	General investment

(5) Names of directors, supervisors, and general managers of affiliates, and their shareholdings or capital contributions to the companies

April 23, 2024

Enterprise name	Job title	Name or representative	Number of shares held	
			Number of shares/amount of contribution	Shareholding/Contribution percentage %
KAULIN MFG. CO., LTD.	Chairman Director Director Independent Director Independent Director Independent Director Independent Director President	Lin Chen Ya-Tzu HUNG-LIN Investment Co., Ltd. Representative of HUNG-LIN Investment Co., Ltd.: Lin Sheng-Chih HUNG-LIN Investment Co., Ltd. Representative of HUNG-LIN Investment Co., Ltd.: Lin Yu-Chen Lin Sheng-Sheng Yang Chi-Lun Huang Li-Ting Tang Yan-Bo Lin Pei-Chia	2,587,412 43,263,015 6,483,205 43,263,015 2,981,803 0 0 0 0 4,005,205	1.41% 23.56% 3.53% 23.56% 1.62% 0.00% 0.00% 0.00% 0.00% 2.18%
SIRUBA Latin America	Director	Representative of KAULIN MFG CO, LTD: Lin Sheng-Chih	300	100.00%
SIRUBA Investments Singapore	Director Director Director Director Director	Representative of KAULIN MFG CO, LTD: Lin Chen Ya-Tzu Representative of KAULIN MFG CO, LTD: Lin Sheng-Chih Representative of KAULIN MFG CO, LTD: Lin Pei-Chia Representative of KAULIN MFG CO, LTD: Lin Yu-Chen Representative of KAULIN MFG CO, LTD: Chung Hsiu-Chin	2,000,000	100.00%
SIRUBA Vietnam	Director	Representative of KAULIN MFG CO, LTD: Lin Pei-Chia	Contribution amounted to USD 2,300 thousand	100.00%
Kaulin Machinery & Electronic Industrial (Ningbo) Co., Ltd.	Chairman Director Director	Representative of SiRUBA Singapore Investment Inc.: Chen Wen-Bin Representative of SiRUBA Singapore Investment Inc.: Li Lung-Ta Representative of SiRUBA Singapore Investment Inc.: Lin Su-E	Contribution amounted to USD 36,500 thousand	100.00%
Young Da LLC	Director	Representative of SiRUBA Latin America Inc.: Lin Sheng-Chih	Contribution amounted to USD 2,000 thousand	100.00%

2. An overview of affiliates' operations

KAULIN MFG. CO., LTD.

An overview of each affiliate's operation

2023

Unit: Thousands, except for NTD for earnings per share

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (after tax)
KAULIN MFG CO, LTD (Consolidated)	1,836,081	4,167,691	580,340	3,587,351	1,420,562	-105,318	14,025	0.08
SiRUBA Singapore Investment Inc. (Consolidated)	38,378	1,869,722	217,028	1,652,694	1,216,128	-41,898	-14,585	-7.29
SiRUBA Latin America Inc. (Consolidated)	10,332	216,210	422	215,788	7,659	25,386	63,434	211.45
SIRUBA Vietnam	73,371	111,471	92,189	19,282	33,143	-31,990	-36,786	0

Note: Calculation of earnings per share: Current profit or loss (after tax) / Number of shares = earnings (loss) per share

The current profit or loss of KAULIN MFG CO, LTD amounted to NTD 14,025 thousand/182,507 thousand shares = 0.08

The current profit or loss of SiRUBA Latin America Inc. amounted to NTD 6,4343 thousand/300 shares = 211.45

The current profit or loss of SiRUBA Singapore Investment Inc. amounted to NTD 14,585 thousand/2,000,000 shares = -7.29

SiRUBA Vietnam Stock issued stock

3. Consolidated business report of affiliates: Not applicable. For details, please refer to the Declaration of Consolidated Financial Statements of Affiliates.
4. Consolidated financial statements of affiliates: Not applicable. For details, please refer to the Declaration of Consolidated Financial Statements of Affiliates.
5. Affiliation report: Not applicable. For details, please refer to the Declaration of Consolidated Financial Statements of Affiliates.

II. For the private placement of marketable securities in the most recent year and up to the publication date of the annual report, the date and the amount resolved at the shareholders' meeting or the Board of Directors, the basis for setting the price and the reasonableness, the method of selecting specific persons, and the necessary reasons for the private placement shall be disclosed: None.

III. Holding or disposal of the Company's shares by subsidiaries in the last year up till the publication date of this annual report: None.

IV. Other necessary matters for supplementary clarification: None.

Nine. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which may materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report:

Change of the Company's General Manager:

1. Cause:
   The Company's General Manager, Mr. Lin Sheng-Chih, applied for retirement on March 14, 2024. On the same day, the Board of Directors resolved to appoint Mr. Lin Pei-Chia as the General Manager with effect on March 25, 2024.
2. Impact on the Company's finance and business:
   The change of the General Manager has no material impact on the Company's finance and business.

KAULIN MFG. CO., LTD.

Chairman: Lin Chen Ya-Tzu