股票代號:1531

高林股份有限公司
KAULIN MFG. CO., LTD.

111 年度年報
ANNUAL REPORT

SiRUBA

中華民國一一二年五月十九日刊印
公開資訊觀測站 : https://mops.twse.com.tw
高林股份有限公司網址 : https://www.siruba.com

1. Spokesperson and Deputy Spokesperson of the Company: Name, Title, Contact Phone and Email Address

Spokesperson	Deputy Spokesperson
Name: ZHONG, WEN-YI	Name: WU, QIU-XIA
Title: Special Assistant to the Chairman	Title: Deputy Manager of Finance Department
Phone: (02)2713-0232	Phone: (02)2713-0232
Email: sirubatw@siruba.com	Email: sirubatw@siruba.com

2. Address and Phone Number of the Company's Headquarters and Factories

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

3. Name, Address, Website and Phone Number of the Share Transfer Agency

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

4. The Name of the Accountant, Accounting Firm, Address, Website and Phone Number Who Signed the Recent Annual Financial Report

Name: KPMG
Accountants: XU, YU-FENG and KOU, HUI-ZHI
Address: 8F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Phone: (02)8101-6666
Website: https://home.kpmg/tw/zh/home.html

5. Name of the Trading Venue for Listed Overseas Securities and How to Inquire Information of Such Securities: None: None.

6. Company Website: https://www.siruba.com

Table of Content

I. Letter to Sharesholders

1. 2022 Business Report

(1) Implementation Results of the Business Plan

The company's revenue for 2022 was NT$ 2.47106 billion, with a net profit after tax of NT$ 18.646 million, and a post-tax net profit rate of 7.55%.

(2) Financial Income and Expense and Profitability Analysis (Consolidated)

Item\Year			2022	2021
Financial income and expenses	Sales revenue		2,471,056	2,946,998
	Gross profit on sales		444,555	530,983
	Interest income		16,014	22,433
	Interest expense		8,090	2,079
	Net income after tax		186,461	171,455
Profitability	Return on Assets (%)		4.06	3.72
	Return on equity (%)		5.05	4.77
	Ratio to paid-in capital (%)	Operating income (loss)	5.24	11.76
		Income (loss) before income tax	14.13	13.23
	Net income (loss) ratio (%)		7.55	5.82
	Earnings per share (NT$)		1.02	0.94

Unit: NT$1,000

(3) Budget Implementation: The company did not publicize financial forecasts for 2022.

(4) Research and Development Status

Main focuses of research and development:

1. Continued development of energy-saving and consumption-reducing products.
2. Innovative integration of sewing equipment and semi-automated labor-saving devices.
3. Deep integration of sewing techniques and industry-academia collaboration.
4. Autonomous development of electronic control servo/stepper motor driving systems for sewing machines.
5. Optimization of environmental-friendly materials and process design.
6. Deepening technical cooperation and information sharing within the industry.

2. 2023 Business Plan:

(1) Business Guidelines and Important Production and Marketing Policies:

1. Cultivate key markets in the Asia-Pacific region.
2. Develop towards high-added-value machine types.
3. Concentrate on our main business and strive for the development of energy-saving and consumption-reducing products.
4. Work on establishing brand marketing to enhance brand value.
5. Strengthen core competitiveness and implement comprehensive quality control.

(2) Expected Sales Quantity and its Basis:

From the fourth quarter of 2022 to the first half of 2023, due to global inflation, the demand for clothing consumption has sharply decreased, and the order trends in all markets are significantly declining. It is expected that the demand for garments will recover in the second half of the year, and there will be an opportunity for large-scale expansion of industrial sewing machine production and sales. The company will still focus on new product development, quality improvement, key regional layouts, and the implementation of aggressive marketing strategies, and it is expected that the annual combined sales volume and profits will still grow.

(3) Business Goals:

1. Increase global market share to 5%.
2. Increase the proportion of new products and energy-saving and consumption-reducing products.
3. Enhance the quality and efficiency of overall services.
4. Actively cultivate 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.

3. Future Company Development Strategy:

(1) Make good use of international division of labor.
(2) Continue to focus on quality optimization.
(3) Build brand-added value.
(4) Pursue stable profitability.
(5) Promote ESG (Environmental, Social, Governance) sustainable development.

4. Influence of External Competitive Environment, Regulatory Environment, and Overall Operating Environment:

In 2022, the global economy continues to face challenges such as the Russo-Ukrainian war, inflation, interest rate hikes, and China's zero-Covid policy, etc., which has caused market conditions to be worse than expected. The company's performance has shown a quarterly decline from the second half of the year due to customers' destocking. It is estimated that the global economic situation will slow down in 2023, and the adjustment of inventory is expected to continue until the first half of the year, and global trade may be sluggish.

Facing the complex, severe, and unpredictable external environment, and various unforeseeable risks, The company will continue to closely monitor changes in the situation, make early risk assessments, timely adjust market layout and production planning, adhere to steady progress, actively seize opportunities for recovery in the international market, and promote the company's steady and far-reaching development.

Chairman: LIN CHEN, YA-ZI

II. Company Profile

(1) Date of establishment:
KAULIN MFG. CO., LTD. was founded in October, 1965 by Mr. LIN, YU-WEN.

(2) Address and telephone numbers of the head office and factories:
Head Office: 11F., No. 128, Sec. 3, Minsheng E. Rd., Taipei City
Telephone: (02)2713-0232
Taoyuan Factory: No. 246, Sec. 1, Guoji Rd., Taoyuan Dist., Taoyuan City
Telephone: (03)326-2128
Nankan Factory: No. 42, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City
Telephone: (03)326-2128

(3) Company history:

·1965	KAULIN MFG. CO., LTD. was formally established, engaging in the research, improvement, and marketing of automatic bag mouth sewing machines.
·1971	An industrial portable bag mouth sewing machine was launched on the market.
·1977	To meet the needs of the business, the Youth Counseling Committee assisted in expanding the new factory in Yangmei Young Lion Industrial Zone, with a factory area of 3,000 pings. At the same time, the capital was increased to NT$ 6,000,000, and the development of industrial double needle flat cars was actively pursued.
·1978	An industrial double needle flat car was launched on the market, and it was recognized by the American SINGER Company for its quality, and was authorized to produce the SINGER 312T141 series of products for export at this factory. They provided design drawings and dispatched technical personnel to assist in production and assembly techniques, ensuring compliance with SINGER's quality standards.
·1980	Actively engaged in the development of industrial high-speed straight needle overlock sewing machines and the preparation of necessary production equipment.

·1981 The industrial high-speed straight needle overlock sewing machine series of products was launched on the market and was well received.

·1980 The overlock sewing machine won the following:
(1) Authorization from the American SINGER Company to produce the 860 series of machines for export to countries around the world.
(2) Technical cooperation with the Italian RIMOLDI Company to produce the 427 series of machines for export to countries around the world.
(3) American Consew, US Blind Stitch, Union Special and other large factories also came to the factory to order for export in an O.E.M manner.

·1983 To strengthen operations, the capital was increased to NT$ 36,000,000, and the Taichung branch and Tainan branch were established.

·1984 (1) From June, they began accepting assistance from the Ministry of Economic Affairs' Industrial Bureau's Automation Service Group to improve production management and business physique. They actively introduced a color management system, making their management performance skyrocket, with an average annual growth rate of 50%.
(2) In August, they established a research and development department (R&D) responsible for the research and development of new models, and successively launched new models on the market, many of which obtained patents.
(3) They were approved and registered by the Commercial Inspection Bureau with the circle mark.

·1986 (1) The Central Health Development Center of the Ministry of Economic Affairs selected them as the only industrial sewing machine center satellite factory in the country.
(2) They expanded the Young Lion factory area with a third factory and employee dormitory, expanding the building area by 2,500 pings.

·1987 The headquarters moved to its current location on Minsheng East Road, with an area of about 350 pings. At the same time, a training classroom was added to the Young Lion factory, along with a production control department and management department office. The turnover continued to grow to NT$ 780,000,000.

·1988	(1) To strengthen operations, the capital was increased to 71,000,000 New Taiwan dollars, and the second factory in the Young Lion factory area was expanded into a three-story building, expanding the building area to 5,000 pings, and automated equipment was added. 1. Introduced the fully automatic continuous processing production line of the Japanese Fuji Precision Machine copying machine body. 2. Introduced the precision grinding and processing equipment of the Japanese Hiroshima Main Shaft. (2) The domestic sales business has adopted a total distribution system, with the business in the northern region entrusted to Guanglin Sewing Machine Co., Ltd., and the southern region business entrusted to Kaulin Co. as the total distributor. The Taichung and Tainan branches were disbanded.
·1989	(1) Appointed professional managers to carry out rationalization of business management, dedicated to policy management and quality improvement activities. (2) The capital increased to NT$199,000,000.
·1991	(1) Officially launched the industrial three-needle interlock sewing machine series (INTERLOCK SEWING MACHINES) on the market, with superior performance, widely praised. (2) Strengthen the procurement management function to integrate the cooperative factory, reduce the component process, and continuously improve the delivery accuracy of supplies.
·1992	(1) Comprehensive implementation of quality and efficiency improvement programs. (2) Continuous development of new products to meet the new functional requirements of domestic and foreign markets, and comprehensive implementation of computerized operations.
·1993	(1) Comprehensive implementation of computerized operations. (2) Purchased three-dimensional inspection equipment to improve the precision of product manufacturing.
·1994	(1) In line with the needs of computerization, a comprehensive compilation of the company's system rules and documents. (2) Awarded the Bureau of Commerce and Inspection "ISO-9002" international quality assurance system certification. (3) The development of four-needle and twelve-needle interlock series products was successful, launched on the market, and widely praised.
• 1996	(1) In January, all models passed the European CE mark certification. (2) In June, Taiwan Yi Investment Co., Ltd. was absorbed and merged.

(3) The four-needle flat car (HF008 series) was successfully developed and launched on the market.

(4) In response to domestic business needs, to provide better sales and maintenance services, established a subsidiary, Yilin Mfg. Co., Ltd..

• 1997

(1) From November 1st of this year, the company hired Wang Jinshan and Chen, Chin-Xiang from Deloitte Accounting Firm as the company's financial signing accountants.
(2) Developed a three-needle high-speed small barrel interlock sewing car (S007 series model), successfully launched on the market.
(3) Honored by the Ministry of Economic Affairs as a Taiwan Excellence Product.
(4) Approved by the Ministry of Economic Affairs to apply for the special merger of Donglin Sewing Machine Co., Ltd., and the merger operation on November 1st. The assets, liabilities, rights and obligations of Donglin Sewing Machine Co., Ltd. were generally accepted by the company.
(5) Handled cash capital increase, profit transfer capital increase, merger capital increase, and the replacement of public offering operations, etc., approved by the Securities and Futures Management Committee of the Finance Department on July 21st, 86 (86) Taiwan Finance Certificate (No. 53127). And on November 16th of the same year, it was passed by the shareholders' interim meeting, so the capital increased to NT$678,000,000.
(6) In order to diversify products and increase market share, Siruba Investment Pte. Ltd. in Singapore invested US$6,750,000 in Kaulin Mfg. (Shenzhen) Co., Ltd. in mainland China (renamed Kaulin Mfg.(Shenzhen) Co., Ltd. in February 1987).
(7) Entrusted Capital Securities Corp., Yuanta Securities Co., Ltd., and Jih Sun Securities Co., Ltd., for over-the-counter operations planning and assistance. In September, the contract for assisting the company in listing over-the-counter shares was reported to the Taiwan Stock Exchange Foundation.

(8) On November 16th, an extraordinary shareholders meeting was convened to elect new board members and supervisors.

• 1998

(1) Increased capital by NT$ 101,700,000 from retained earnings, increasing the total capital to NT$ 779,700,000.
(2) To meet capital requirements, the company increased its investment in mainland KAULIN MFG. (Shenzhen) CO., LTD. through Singapore's SIRUBA INVESTMENT PTE. LTD. by US$2,250,000, increasing the total investment to US$9,000,000.
(3) The company acquired Hong Kong East Forest Sewing Machine Co., Ltd. and SIRUBA LATIN AMERICA INC. in the United States, aiming to establish a global marketing network to increase market share.

(4) In response to the Y2K crisis, the company has fully updated its computer hardware and software systems to eliminate any system issues.
(5) We are actively developing new models like single-needle flat seaming machines, high-head machines, and roller machines.

(6) The Securities Over-the-Counter Market Committee of the Taiwan Stock Exchange Foundation approved the company's over-the-counter listing.

· 1999

(1) In March, single-needle flat seaming machines, high-head machines, and roller machines began mass production.
(2) In May, our overlock machine received an excellence in design award.
(3) On June 2, our stock was officially listed over-the-counter.

(4) Increased capital by NT$155,940,000 from retained earnings, bringing the total capital to NT$ 935,640,000.

· 2000

(1) On June 2, we received approval from the Ministry of Economic Affairs for our new product development plan.
(2) On September 11, our stock transferred from OTC to the stock exchange.

(3) Increased capital by NT$ 148,482,240 from retained earnings and employee bonuses, bringing the total capital to NT$ 1,084,122,240.

· 2001

(1) Increased capital by NT$114,998,820 from retained earnings and employee bonuses, bringing the total capital to NT$1,199,121,060.

(2) Development of heavy-duty flat sewing machines, double-needle flat machines, and electronic control sewing machines was completed.

· 2002

(1) In March, we passed the new ISO9001-2000 certification.
(2) The new product, PK588, was launched.
(3) Officially implemented an ERP system to improve management performance.
(4) Increased our shareholding ratio in KAULIN MFG. (Shenzheng) CO., LTD. through Singapore's SIRUBA INVESTMENT PTE. LTD. to 70%.

(5) Implemented a TPM to improve equipment efficiency across the factory.

· 2003

(1) Actively promoting the implementation of ERP in our overseas affiliates to further improve business performance.

(2) Have fully implemented a Knowledge Management System.

- 2004
  (1) Increased capital by NT$ 188,776,580 from retained earnings and employee bonuses, bringing the total capital to NT$1,387,897,640.
  (2) Our subsidiary, YILIN MFG. CO., LTD., completed its phased mission and ceased operations in December of this year.
- 2005
  (1) Established a branch in Taipei to provide domestic sales and repair services.
  (2) Reallocated profits and employee bonuses to increase capital by NT$72,545,600, resulting in a total capital of NT$1,460,443,240.
  (3) To expand the scale of the industry, an investment was made in KAULIN MFG.(Shenzhen) CO., LTD in mainland China through Siruba Investment Pte. Ltd. in Singapore. The profits were then reinvested to establish Ningbo Kaulin YINGCHIEN E&M Co., with a total investment of US$58,500,000, a registered capital of US$19,500,000, and US$5,850,000 in capital arrived in July of this year.
- 2006
  (1) In recent years, our company has been committed to the development of new products and has actively adjusted its operational policies. The strategy of "taking orders in Taiwan, producing in mainland China" is a response to China's rise and globalization. To maintain a competitive advantage and expand the scale of the industry, the board of directors decided to partially halt production at the Youshi Factory and Nankan Factory, and move production to mainland China. Although manufacturing is being outsourced, research and development, marketing, operational integration, and financial planning are still managed by our company.
  (2) Reallocated profits and employee bonuses to increase capital by NT$234,512,410, resulting in a total capital of NT$1,694,955,650.
  (3) Ningbo Kaulin YINGCHIEN E&M Co. has a registered capital of US$19,500,000, and all the capital arrived in October of this year.
  (4) To flexibly use funds, the company disposed of the idle Youshi Factory and land in December.
- 2007
  (1) Ningbo Kaulin YINGCHIEN E&M Co., established through investment by Singapore's Siruba Investment Pte. Ltd. in KAULIN MFG.(Shenzheng) CO., LTD. in mainland China, officially started production on January 20 of this year.
  (2) Won the 4th "Taiwan Excellent Brand" award from the Foreign Trade Association.
  (3) Ningbo Kaulin YINGCHIEN E&M Co. completed a merger with Ningbo Gaolin Electric Co., Ltd., with a registered capital of US$20,500,000 after the merger.
  (4) KAULIN MFG.(Shenzheng) CO., LTD. in mainland China reinvested its profits in Ningbo Kaulin YINGCHIEN E&M Co.,

adding US$16,000,000 in capital, all of which arrived in December. After the capital increase, the registered capital was US$36,500,000.
(5) SIRUBA India Co. was established in June.

· 2008

(1) Increased the stake in KAULIN MFG.(Shenzheng) CO., LTD. and Ningbo Kaulin YINGCHIEN E&M Co. on the mainland through Singapore's SIRUBA INVESTMENT PTE. LTD. to 85%.

(2) Reallocated profits and employee bonuses to increase capital by NT$236,555,150, resulting in a total capital of NT$1,931,510,800.

· 2009

(1) Introduced the Product Data Management system (PDM) in March, centralizing the management of the group's research and development drawings and related specification documents, and meticulously recording the process and version control of product development, pilot production, mass production, and design changes.
(2) Introduced the group's Business Intelligence (BI) platform in April, enhancing the ability of managers to perform real-time multidimensional dynamic analysis of the operating performance of various business units in the group.

(3) Won the "Taiwan Excellence Brand" award from the Foreign Trade Association.

· 2010

(1) Completed a 2-year plan for the Industrial Bureau's Value Chain Operations Headquarters project, effectively enhancing the group's supply chain integration capabilities.

· 2011

(1) Received the "Taiwan's Top 100 Brands" award and participated in the "20th Anniversary of Taiwan Excellence and Taiwan's Top 100 Brands Special Exhibition".

· 2012

(1) To integrate investments and operations in the mainland area, two subsidiaries, Hong Kong East Forest Sewing Machine Co., Ltd. and Shenzhen KAULIN MFG.(Shenzheng) CO., LTD., were liquidated and dissolved.

(2) In response to changes in the Indian market and adjustments in business models, the subsidiary SIRUBA India Co. was sold.

· 2013

(1) Obtained the "Taiwanese Business Eligibility" under the "Plan to Encourage Taiwanese Businesses to Invest Back in Taiwan".

(2) Purchased other shares of SIRUBA INVESTMENT PTE., LTD. in Singapore, raising the investment shareholding ratio in Mainland's Kaulin YINGCHIEN E&M Co. to 100%.

(3) Purchased a new factory in Taoyuan to produce high-end products and improve product grades.

· 2014 (1) The new factory in Taoyuan was demolished and rebuilt.

· 2015 (1) The new factory in Taoyuan obtained a use permit.
(2) The new factory in Taoyuan completed the preservation registration.
(3) The new factory in Taoyuan obtained a factory registration certificate.

· 2016 (1) The Taoyuan factory was officially put into operation.

· 2018 (1) Ningbo Kaulin YINGCHIEN factory initiated an intelligent production and flexible production investment plan.
(2) Participated in TITAS 2018 Taipei Weaving Exhibition and expanded the Global Distributor Conference.
(3) Won the Industrial Bureau's approval for the "107th Annual Smart Manufacturing Brand Value Extension Plan".

· 2019 (1) Established a subsidiary in Vietnam.

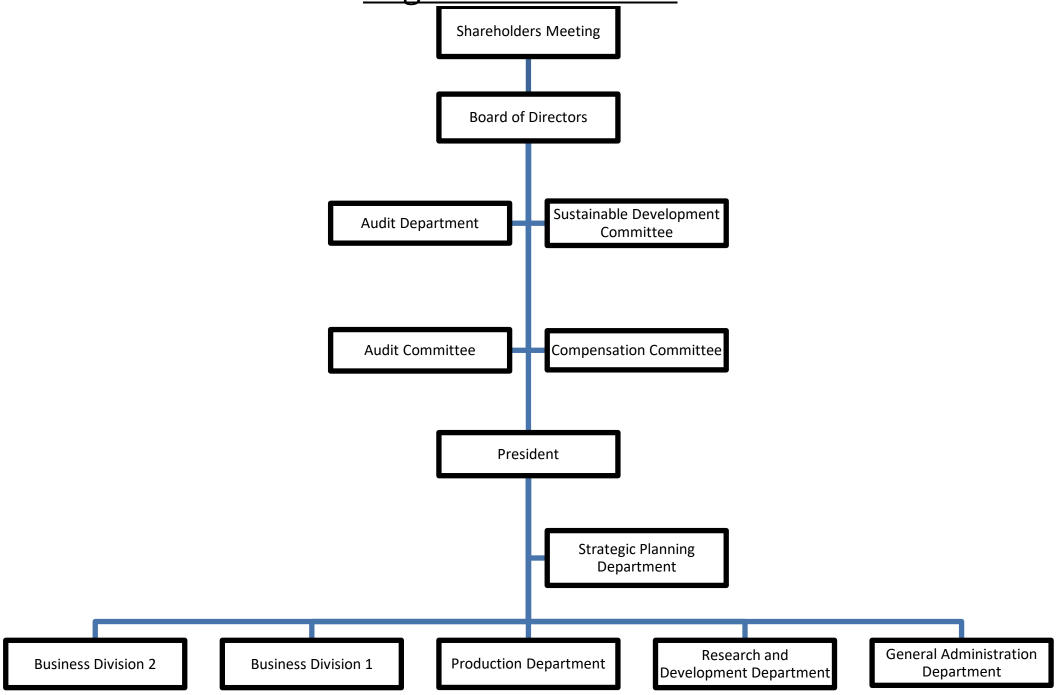
· 2023 (1) Liquidated subsidiary SIRUBA America Co.'s subsidiary Young Da LLC.

III. Corporate Governance Report

1. Organization:

1. Organization

Organizational Chart



2. Operations implemented by major departments

Departments	Responsibilities
Strategic Planning Department	Responsible for business decision-making, quality management, production and marketing coordination, organizational and talent development, and marketing planning.
Business Division 1	Handling marketing and business management except for the overall distribution in Mainland China.
Business Division 2	Marketing and business management of the overall distribution in Mainland China.
Production Department	Production and manufacturing management of products.
Research and Development Department	New product research and development, production technology, and product design business.
General Administration Department	Strategic planning, execution and supervision, human resource management and organizational development and planning, construction, development, and management of various information operating systems and equipment, annual budget planning, and various financial, accounting, tax operations.
Audit Department	Responsible for the planning, execution, and tracking of internal audits, and providing analytical, evaluative suggestions.
Sustainable Development Committee	1. It is the ESG decision center of the company, led by the general manager, department (inclusive) and above managers, factory supervisors, and the executive director of the Gaolin Foundation, jointly formulate corporate social responsibility, sustainable development direction and goals, and draft relevant management policies and specific promotion plans.

	2. Provide information needed by directors, independent directors to perform their duties, assist directors, independent directors to comply with laws, and handle matters related to board and shareholder meetings in accordance with the law.
Compensation Committee	Assist the board of directors in implementing and evaluating the company's overall compensation and benefits policies, as well as the compensation of directors and managers.
Audit Committee	Assist the board of directors in fulfilling its supervision of the company's execution of related accounting, auditing, financial reporting processes, and the quality and integrity of financial controls.

II. Director, General Manager, Deputy General Manager, Assistant Manager, Department and Branch Manager Information:

1. Director Information

(1) Basic Information of Directors

May 2, 2023

Title	Nationality / Country of Origin	Name	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Honglin Investment Co., Ltd.		109 06 24	3	106 06 15	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
Chairman	Taiwan	Honglin Investment Co., Ltd. Rep: LIN CHEN, YA-ZI	F Above 70	109 06 24	3	109 06 24	2,187,412	1.19	2,587,412	1.41	15,496,873	8.44	-	-	1.Chairman of KAULIN MFG. CO., LTD. 2.Chairman of Dongyi Investment Company 3.Chairman of KAULIN FOUNDATION	1.Chairman of KAULIN MFG. CO., LTD. 2.Chairman of Dongyi Investment Company 3.Chairman of KAULIN FOUNDATION	Legal Director Representative President Legal Director Representative	LIN, SHENG-ZHI LIN, SHENG-ZHI LIN, PEI-JIA	Mother-son	Note
Director	Taiwan	Honglin Investment Co., Ltd.		109 06 24	3	106 06 15	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
Director	Taiwan	Honglin Investment Co., Ltd. Rep: LIN, SHENG-ZHI	M 50 ~ 60	109 06 24	3	76 11 26	6,483,205	3.53	6,483,205	3.53	0	0	0	0	1.President of KAULIN MFG. CO., LTD. 2.Legal Representative and Director of KAULIN MFG. CO., LTD. 3.Director of SIRUBA America Co. 4.Director of SIRUBA Singapore Co. 5.Director of Yongda Co. 6.Chairman of Honglin Investment Co., Ltd. 7.Chairman of Gaocheng Investment Company	1.President of KAULIN MFG. CO., LTD. 2.Legal Representative and Director of KAULIN MFG. CO., LTD. 3.Director of SIRUBA America Co. 4.Director of SIRUBA Singapore Co. 5.Director of Yongda Co. 6.Chairman of Honglin Investment Co., Ltd. 7.Chairman of Gaocheng Investment Company	Chairman Legal Director Representative	LIN CHEN, YA-ZI LIN, PEI-JIA	Mother-son Brothers	Note

Title	Nationality / Country of Origin	Name	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	Honglin Investment Co., Ltd.		109 06 24	3	106 06 24	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
	Taiwan	Honglin Investment Co., Ltd. Rep: LIN, PEI-JIA	M 50 ~ 60	109 06 24	3	109 06 24	6,909,205	3.76	6,583,205	3.59	593,308	0.32	-	-	1. President of KAULIN MFG. CO., LTD. 2. Chairman of Jiayi Investment Company	1. Director of SIRUBA Vietnam Co. 2. Director of SIRUBA Singapore Co. 3. Chairman of Jiayi Investment Company	Chairman President Legal Director Representative	LIN CHEN, YA-ZILIN, SHENG-ZHI LIN, SHENG-ZHI	Mother-son Brothers Brothers	Note
Director	Taiwan	Honglin Investment Co., Ltd.		109 06 24	3	106 06 15	43,263,015	23.56	43,263,015	23.56	-	-	-	-	-	-	-	-	-	
	Taiwan	Honglin Investment Co., Ltd. Rep: CHEN, YI-FENG	M 60 ~ 70	109 06 24	3	106 06 15	14,899	0.01	14,899	0.01	0	0	0	0	President of Kaulin YINGCHIEN E&M Co.	-	None	None	None	
Independent Director	Taiwan	YANG, ZHI-LUN	M 50 ~ 60	109 06 24	3	109 06 24	0	0	0	0	0	0	0	0	Ph.D. in Law from China University of Political Science and Law	CEO/Lawyer of Center & Logic Law Firm	None	None	None	
Independent Director	Taiwan	HUANG, LI-TING	F 50 ~ 60	109 06 24	3	109 06 24	0	0	0	0	0	0	0	0	Ph.D. in Information Management from National Central University	Associate Professor at Chang Gung University, Department of Information Management	None	None	None	

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	LIN, SHENG-SHENG	M 50 ~ 60	109 06 24	3	109 06 24	0	0	0	0	0	0	0	0	1. 38th Batch of Law Program, National Taiwan University 2. Master's Degree from Ming Chuan University, Graduate Institute of Management 3. Accounting Department, Fu Jen Catholic University 4. Deputy General Manager, Vice President, and Director of Underwriting Department at a large integrated securities firm 5. President and Chairman of Chuanshan Investment Trust 6. Independent Director and Director of LUNG MING GREEN ENERGY TECHNOLOGY ENGINEERING 7. Independent Director of Da Lue International Holding Co., Ltd.	1. Adjunct Lecturer at the Department of Finance and Banking, Chinese Culture University 2. Independent Director of KAULIN MFG. CO., LTD. 3. Independent Director of Hiroca Holdings Ltd. 4. Independent Director of KINGRAY TECHNOLOGY CO., LTD 5. Lecturer at the School of Finance and Management, Minjiang College, Strait College, Fujian, China 6. Board member of the Chinese Independent Director Association, 2nd term	None	None	None	

Note: The chairman and the general manager of our company are first-degree relatives. The reason is the need for the company's operations, expecting that with more centralized power, the operating efficiency will increase, and the decision-making execution will be smoother. In the future, the company will consider increasing the number of independent directors and measures such as a majority of directors not serving as employees or managers to enhance the supervisory function of the board of directors.

(2) Major Shareholders of Legal Shareholders

May 2, 2023

Name of coporate shareholder	Major shareholders of the coporate shareholder
HONGLIN INVESTMENT CO.	Guanglin Investment Co., Ltd.

(3) Major Shareholders of Legal Shareholders (if the major shareholders are legal entities)

May 2, 2023

<table>
<tr><th>Name of coporate shareholder</th><th>Major shareholders of the coporate shareholder</th></tr>
<tr><td rowspan="3">Guanglin Investment Co., Ltd.</td><td>Dongyi Investment Company(42.53%)</td></tr>
<tr><td>Gaocheng Investment Company(30.03%)</td></tr>
<tr><td>Jiayi Investment Company(27.44%)</td></tr>
<tr><td rowspan="10">Dongyi Investment Company</td><td>LIN CHEN, YA-ZI(7.72%)</td></tr>
<tr><td>LIN, YU-WEN(17.74%)</td></tr>
<tr><td>Gaocheng Investment Company(17.67%)</td></tr>
<tr><td>Jiayi Investment Company(8.76%)</td></tr>
<tr><td>LIN, SHENG-ZHI(1.59%)</td></tr>
<tr><td>LIN, PEI-JIA(10.71%)</td></tr>
<tr><td>Huali Investment Co., Ltd.(9.80%)</td></tr>
<tr><td>Weili Investment Co., Ltd.(9.80%)</td></tr>
<tr><td>LIN, XIU-RONG(8.10%)</td></tr>
<tr><td>LIN, YU-ZHEN(8.10%)</td></tr>
<tr><td rowspan="3">Gaocheng Investment Company</td><td>LIN, SHENG-ZHI(96.78%)</td></tr>
<tr><td>LIN, ZHENG-WEI (1.61%)</td></tr>
<tr><td>LIN, YI-TING (1.61%)</td></tr>
<tr><td rowspan="3">Jiayi Investment Company</td><td>LIN, PEI-JIA(95.78%)</td></tr>
<tr><td>LIN, ZHENG-XIAN (2.11%)</td></tr>
<tr><td>LIN, YI-JIE (2.11%)</td></tr>
<tr><td rowspan="2">Huali Investment Co., Ltd.</td><td>LIN, XIU-RONG(99.99%)</td></tr>
<tr><td>LIN, YU-ZHEN(0.01%)</td></tr>
<tr><td rowspan="2">Weili Investment Co., Ltd.</td><td>LIN, YU-ZHEN(99.99%)</td></tr>
<tr><td>LIN, XIU-RONG(0.01%)</td></tr>
</table>

(4) Disclosure of Director's Professional Qualifications and Independence of Independent Directors:

Criteria / Name	Professional Qualifications and Experiences (Note 1)		Status of Independence (Note 2)				Number of independent directors serving in other publicly traded companies.
	Professional Qualifications and Experience	No circumstances specified in Article 30 of the Company Act	Neither the person, spouse, nor relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies.	Neither the person, spouse, nor relatives within the second degree hold company shares.	Neither the person, spouse, nor relatives within the second degree serve as directors, supervisors, or employees of a company that has a specific relationship with the company.	The remuneration amount obtained by myself, my spouse, and relatives within the second degree for providing business, legal, financial, accounting, etc., services to the company or its affiliated enterprises in the past 2 years.	
Honglin Investment Co., Ltd. Rep: LIN CHEN, YA-ZI	Chairman of Dongyi Investment Company	V				0	0
Honglin Investment Co., Ltd. Rep: LIN, SHENG-ZHI	Director of SIRUBA America Co. (Legal Representative of KAULIN MFG. CO., LTD.) Director of SIRUBA Singapore Co. (Legal Representative of KAULIN MFG. CO., LTD.) Director of Yongda Co. (Legal Representative of SIRUBA America Co.) Chairman of Honglin Investment Co., Ltd. Chairman of Gaocheng Investment Company	V				0	0
Honglin Investment Co., Ltd. Rep: LIN, PEI-JIA	Director of SIRUBA Vietnam Co. (Legal Representative of KAULIN MFG. CO., LTD.) Director of SIRUBA Singapore Co. (Legal Representative of KAULIN MFG. CO., LTD.) Chairman of Jiayi Investment Company	V				0	0
Honglin Investment Co., Ltd. Rep: CHEN, YI-FENG	Manager of KAULIN MFG. CO., LTD. Production Department President of Kaulin YINGCHIEN E&M Co.	V			V	0	0

Independent Director: LIN, SHENG-SHENG	1. Master's Degree in Management from Ming Chuan University 2. Adjunct Lecturer in Finance and Banking at Chinese Culture University 3. Former Manager, Vice President, and Director of Underwriting Department at a large integrated securities firm 4. Independent Director of Hiroca Holdings Ltd. 5. Independent Director of KINGRAY TECHNOLOGY CO., LTD. 6. Experience as an independent director and director in listed, over-the-counter, and emerging companies 7. Board member of the Chinese Independent Directors Association (second term)	V	V	V	V	0	2
Independent Director: YANG, ZHI-LUN	CEO/Lawyer of Center & Logic Law Firm	V	V	V	V	0	0
Independent Director: HUANG, LI-TING	Associate Professor in the Department of Information Management at Chang Gung University	V	V	V	V	240,000	0

2. Board diversity and independence:

(1) Policy: According to Article 20 (Capabilities the Board of Directors as a Whole Should Possess) of the "Corporate Governance Best Practice Principles" of our company, the Board should guide company strategy, supervise management, be responsible for the company and its shareholders, and ensure that all operations and arrangements of the corporate governance system enable the Board to exercise its powers in accordance with laws, the company's articles of incorporation, or shareholders' resolutions.

The structure of the Board should be determined according to the scale of the company's development and the shareholding situation of its major shareholders, taking into account the practical operational needs, and determining an appropriate number of directors, not less than five.

The composition of the Board members should consider diversity, and in addition to directors who concurrently serve as the company's management not exceeding one-third of the director seats, an appropriate diversity policy should be formulated based on its own operations, business model, and development needs, which should include but not limited to the following two aspects:

1. Basic conditions and values: gender, age, nationality, and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the capabilities that the Board as a whole should possess are as follows:

1. Business judgment capability.
2. Accounting and financial analysis capability.
3. Business management capability.
4. Crisis management capability.
5. Industry knowledge.
6. Understanding of international markets.
7. Leadership capability.
8. Decision-making capability.

(2) Implementation of the diversity policy for board members:

Diversified Core Projects / Name/ Gender/ Nationality	Age		Professional background and industry experience	Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	Understanding of international markets	Leadership	Decision-making
	50~61	>61									
LIN CHEN, YA-ZI/F/TW		V	V	V	V	V	V	V	V	V	V
LIN, SHENG-ZHI/M/TW	V		V	V	V	V	V	V	V	V	V
LIN, PEI-JIA/M/TW	V		V	V	V	V	V	V	V	V	V
CHEN, YI-FENG/M/TW		V	V	V	V	V	V	V	V	V	V
YANG, ZHI-LUN/M/TW	V			V	V	V	V	V	V	V	V
LIN, SHENG-SHENG/M/TW	V			V	V	V	V	V	V	V	V
HUANG, LI-TING/F/TW	V			V	V	V	V	V	V	V	V

(3) Independence of the Board of Directors:

① Our company places emphasis on the independence and diversity of board members, with a goal of having at least 3 independent directors, accounting for at least 1/5 (including) of the director seats. In 2022, there were already 3 independent director seats, accounting for 3/7 of the director seats; additionally, the goal is for the number of directors concurrently serving as company employees to not exceed 1/3 (including) of the director seats. In 2022, there were 2 director seats occupied by directors who were also company employees, accounting for 2/7 of the director seats; there were 3 director seats occupied by directors who were related as spouses or relatives within the second degree, accounting for 3/7 of the director seats.

⑫ Directors' Continuing Education Record

Title	Name	Date of Training		Organizer	Course Title
		From	To		
Chairman	LIN CHEN, YA-ZI	2022/03/10	2022/03/10	Taiwan Stock Exchange	A Global Perspective on Independent Directors and the 2022 Shareholders' Meeting
Chairman	LIN CHEN, YA-ZI	2022/04/22	2022/04/22	Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum
Chairman	LIN CHEN, YA-ZI	2022/06/10	2022/06/10	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Chairman	LIN CHEN, YA-ZI	2022/10/28	2022/10/28	Securities and Futures Institute	2022 Insider Trading Law Compliance Promotion Briefing
Legal Representative Director	LIN, SHENG-ZHI	2022/03/10	2022/03/10	Taiwan Stock Exchange	A Global Perspective on Independent Directors and the 2022 Shareholders' Meeting
Legal Representative Director	LIN, SHENG-ZHI	2022/04/22	2022/04/22	Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum
Legal Representative Director	LIN, SHENG-ZHI	11/05/20	2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Legal Representative Director	LIN, PEI-JIA	2022/06/10	2022/06/10	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Legal Representative Director	LIN, PEI-JIA	11/07/07	2022/07/07	Taiwan Stock Exchange	Sustainable Development Pathway Industry Theme Promotion Meeting
Legal Representative Director	LIN, PEI-JIA	2022/10/06	2022/10/06	Taiwan Stock Exchange	Release of reference guidelines for the exercise of powers by independent directors and audit committee and directors' promotion meeting
Legal	CHEN, YI-	2022/06/10	2022/06/10	Securities and Futures	2022 Insider Trading Prevention

Title	Name	Date of Training		Organizer	Course Title
		From	To		
Representative Director	FENG			Institute	Promotion Meeting
Legal Representative Director	CHEN, YI-FENG	2022/07/07	2022/07/07	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Theme Promotion Meeting
Legal Representative Director	CHEN, YI-FENG	2022/10/06	2022/10/06	Taiwan Stock Exchange	Release of reference guidelines for the exercise of powers by independent directors and audit committee and directors' promotion meeting
Independent Director	YANG, ZHI-LUN	2022/05/12	2022/05/12	Taiwan Stock Exchange	International Summit Online Forum
Independent Director	YANG, ZHI-LUN	2022/05/20	2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Independent Director	YANG, ZHI-LUN	2022/09/29	2022/09/29	Taiwan Stock Exchange	Release of reference guidelines for the exercise of powers by independent directors and audit committee and directors' promotion meeting
Independent Director	LIN, SHENG-SHENG	2022/05/20	2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Independent Director	LIN, SHENG-SHENG	2022/08/10	2022/08/10	Taiwan Independent Director Association	2022 Elite Training Institute for Independent Directors - Advanced Refining Course
Independent Director	HUANG, LI-TING	2022/05/12	2022/05/12	Taiwan Stock Exchange	International Summit Online Forum
Independent Director	HUANG, LI-TING	2022/05/20	2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Promotion Meeting
Independent Director	HUANG, LI-TING	2022/09/29	2022/09/29	Taiwan Stock Exchange	Release of reference guidelines for the exercise of powers by independent directors and audit committee and directors' promotion meeting

3. President, Vice President, Associate Managers, Heads of Departments and Branches:

May 2, 2023

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	LIN, SHENG-ZHI	M	109 02 04	6,483,205	3.50	0	0	0	0	Chairman of Honglin Investment Co., Ltd.	Director of SIRUBA Singapore Co. (KAULIN Legal Representative) Chairman of Honglin Investment Co., Ltd. Chairman of Gaocheng Investment Company	Chairman	LIN CHEN, YA-ZI	Mother-son	Note
General Administration Department Associate Manager, also serving as Corporate Governance Supervisor	Taiwan	LIN, ZENG-XIN	M	103 10 15	0	0	0	0	0	0	Soochow University	None	None	None	None	
Audit Department Associate Manager	Taiwan	CHEN, WEN-BIN	M	103 10 15	0	0	0	0	0	0	Feng Chia University	None	None	None	None	
Strategic Planning Department Associate Manager	Taiwan	LIN, WEN-LING	F	110 02 01	0	0	0	0	0	0	Chinese Culture University	None	None	None	None	
Production Department Associate Manager	Taiwan	TU, YU-LIN	M	110 02 01	0	0	0	0	0	0	Chung Yuan Christian University	None	None	None	None	
Production Department Associate Manager	Taiwan	ZHAN, ZHENG-WEI	M	110 02 01	10,579	0.01	0	0	0	0	R.O.C. Military Academy	None	None	None	None	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Sales Department Associate Manager	Taiwan	PAN, BING-YUE	M	110 02 01	0	0	0	0	0	0	Soochow University	None	None	None	None	
Research and Development Department Associate Manager	Taiwan	ZENG, ZHI-CHENG	M	1100201	13,130	0.01	0	0	0	0	Kun Shan University of Technology	None	None	None	None	

Note: The Chairman and President of the company are first-degree relatives. The reason for this is the operational needs of the company, aiming to increase operational efficiency and smoother decision-making and execution through more concentrated power. The company will consider increasing the number of independent directors and implementing measures in which the majority of directors do not concurrently hold employee or managerial positions to strengthen the supervisory function of the board of directors.

4. Remuneration for Directors, President, and Vice President in the most recent fiscal year:

4-1 Remuneration for General Directors and Independent Directors:

Unt: NT$1,000

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from ventures other than subsidiaries or from the parent company
		Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Professional Practice (D)				Salary, Bonus, and Special Allowance (E)		Severance Pay (F)		Employee Compensation (G)						
																The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the financial statements	
Chairman	LIN CHEN, YA-ZI	2,905	2,905	0	0	1,064	1,064	72	72	2.17	2.17	0	0	0	0	0	0	0	0	2.17	2.17	0
Director	LIN, SHENG-ZHI	0	0	0	0	1,100	1,100	72	72	0.63	0.63	3,572	3,572	43	43	350	350	0	0	2.75	2.75	0
Director	LIN, PEI-JIA	0	0	0	0	350	350	72	72	0.23	0.23	0	0	0	0	0	0	0	0	0.23	0.23	0
Director	CHEN, YI-FENG	0	0	0	0	350	350	72	72	0.22	0.22	2,006	2,006	72	72	0	0	0	0	1.34	1.34	0
Independent Director	LIN, SHENG-SHENG	500	500	0	0	250	250	72	72	0.44	0.44	0	0	0	0	0	0	0	0	0.44	0.44	0
Independent Director	YANG, ZHI-LUN	500	500	0	0	250	250	72	72	0.44	0.44	0	0	0	0	0	0	0	0	0.44	0.44	0
Independent Director	HUANG, LI-TING	400	400	0	0	250	250	72	72	0.39	0.39	0	0	0	0	0	0	0	0	0.39	0.39	0
Total		4,305	4,305	0	0	3,614	3,614	504	504	4.52	4.52	5,578	5,578	115	115	350	350	0	0	7.76	7.76	0

1. Please describe the policy, system, standards, and structure of remuneration for independent directors, and explain the correlation between remuneration amounts and their responsibilities, risks, and time commitment:
   The remuneration of independent directors is handled in accordance with the company's bylaws. It is determined based on their level of involvement in the company's operations and the value of their contributions, taking into account industry standards.
2. In addition to the disclosed information in the table above, the remuneration received by directors for providing services to other companies mentioned in the financial report during the most recent fiscal year (such as serving as non-employee consultants): None.

4-2. Compensation to Presidents and Vice Presidents

Unt: NT$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Special Allowance (C)		Employee Compensation (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
President	LIN, SHENG-ZHI	2,160	2,160	43	43	1,484	1,484	350	0	350	0	2.17	2.17	0
Production Department Vice President	CHEN, YI-FENG	630	630	30	30	693	693	0	0	0	0	0.72	0.72	0

Note: Vice President CHEN, YI-FENG will retire due to reaching the retirement age on March 31, 2022.

4-3. Remuneration to Top Five Executive:

Unt: NT$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Special Allowance (C)		Employee Compensation (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
President	LIN, SHENG-ZHI	2,160	2,160	43	43	1,484	240	350	0	350	0	2.16	2.16	0
General Administration Department Associate Manager, also serving as	LIN, ZENG-XIN	1,500	1,500	91	91	589	589	170	0	170	0	1.26	1.26	0

Corporate Governance Supervisor														
Audit Department Associate Manager	CHEN, WEN-BIN	1,338	1,338	79	79	510	510	170	0	170	0	1.12	1.12	0
Production Department Associate Manager	TU, YU-LIN	1,380	1,380	105	105	586	586	170	0	170	0	1.20	1.20	0
Production Department Associate Manager	ZHAN, ZHENG-WEI	1,334	1,874	101	101	490	490	170	0	170	0	1.12	1.41	0

4-4. Name of the manager who distributes the employee's compensation and the distribution status

Unit: NT$1,000

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	LIN, SHENG-ZHI	0	1,540	1,540	0.83%
	Associate Manager	TU, YU-LIN				
	Associate Manager	LIN, WEN-LING				
	Associate Manager	ZENG, ZHI-CHENG				
	Associate Manager	PAN, BING-YUE				
	Associate Manager	CHEN, WEN-BIN				
	Associate Manager	LIN, ZENG-XIN				
	Associate Manager	ZHAN, ZHENG-WEI				

5. Comparison and explanation of the total remuneration of the Company's directors, President, and Vice President in the recent two fiscal years as a percentage of the individual or separate financial statements' post-tax net profit, including the analysis of the remuneration policy, standards, and composition, the establishment of remuneration procedures, and their relevance to the operational performance and future risks:

Content	2022		2021	
	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements
Post-tax net profit of individual financial statements (in thousands)	186,461	186,461	171,455	171,455
Percentage of director's remuneration	7.76	7.76	6.99	7.02
Percentage of President and Vice President's remuneration	2.89	2.89	2.54	2.57

(1) The remuneration for directors and supervisors includes allowances, remuneration, rewards, and the related salaries, pensions, and remuneration received by employees and directors. The remuneration of employees and directors and supervisors is in accordance with the company's charter, and the directors' allowances are resolved by the board of directors.

(2) The remuneration for directors who also serve as employees and for the general manager and deputy general managers is based on the salary levels for the same positions in the market, plus a reasonable remuneration based on each individual's responsibilities towards the company and their performance achievement rate.
(3) For the fiscal year 2022 and 2021, the director's remuneration was allocated 1.5% of the pre-tax net profit; employee remuneration was allocated 3.5% of pre-tax net profit.
(4) Due to an increase in pre-tax net profit in 2022 compared to the previous year, and a company-wide salary increase of 3%~5% in 2022, the proportion of remuneration in 2022 increased slightly compared to the previous year.
(5) The distribution of remuneration will also take into account the operational risks the company may face in the future.

3. Company Governance Operation

1. Information on the operation of the board of directors

(1) The board of directors met 5 times (A) in the most recent fiscal year (2022). The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	HONGLIN INVESTMENT CO. Rep: LIN CHEN, YA-ZI	5	0	100%	
Director	HONGLIN INVESTMENT CO. Rep: LIN, SHENG-ZHI	2	3	40%	
Director	HONGLIN INVESTMENT CO. Rep: LIN, PEI-JIA	0	0	0%	
Director	HONGLIN INVESTMENT CO. Rep: CHEN, YI-FENG	4	0	80%	
Independent Director	LIN, SHENG-SHENG	5	0	100%	
Independent Director	YANG, ZHI-LUN	5	0	100%	
Independent Director	HUANG, LI-TING	4	0	80%	

Other matters to be noted:

1. If the operation of the board of directors has one of the following conditions, it should explain the date of the board of directors, the term, the content of the proposal, all independent directors' opinions, and the company's handling of independent directors' opinions:
(1) The matters listed in Article 14-3 of the Securities Exchange Act

Meeting Date	Proposal	All opinions of the independent directors and the Company's handling of the independent directors' opinions:
2022.01.20	Discussing the company's joint guarantee for its mainland subsidiary, Ningbo Kaulin YINGCHIEN E&M Co., to apply for a one-year extension of short-term financing from E.Sun Bank.	All independent directors approved and passed.
2022.01.20	The issuance of the 2021 annual bonus for the company's executives.	
2022.03.24	Discussing the distribution of remuneration for the company's employees and directors for the year 2021.	
2022.03.24	Discussing the performance evaluation report of the company's Board of Directors (including functional committees) for the year 2021.	
2022.03.24	Discussing the amendment of the company's "Company Constitution."	
2022.03.24	Discussing the amendment of the company's "Acquisition or Disposal of Assets Processing Procedure."	
2022.03.24	Discussing the 2021 internal control system declaration of the company.	
2022.03.24	Discussing the company's proposal to change the auditing accounting firm and auditor for financial statement certification starting from the first quarter of 2022.	
2022.08.11	Discussing the 2021 remuneration payout for the company's executives.	
2022.08.11	Discussing the company's plan to implement an employee stock trust and management participation in the employee stock trust incentive deposit.	
2022.11.10	Drafting the 2023 internal audit plan for the company.	
2022.11.10	Discussing the amendment of the company's "Audit Committee Organization Rules."	
2023.01.12	Discussing the issuance of the 2022 annual bonus for the company's executives.	
2023.03.23	Discussing the distribution of remuneration for the company's employees and directors for the year 2022.	
2023.03.23	Discussing the 2022 internal control system declaration of the company.	

2023.03.23	Discussing the assessment of the suitability and independence of the appointed auditing accountant for the year 2023.	
2023.03.23	Discussing the performance evaluation report of the company's Board of Directors (including functional committees) for the year 2022.	

(2) Besides the above matters, there are no other matters decided by the board of directors that were opposed or had reservations and were recorded or written by the independent directors.

2. The implementation of the directors' avoidance of conflict-of-interest proposals should state the name of the director, the content of the proposal, the reason for the conflict of interest avoidance, and the participation in voting:

Meeting Date	Director's Name	Agenda Content	Reasons for abstaining due to conflicts of interest	Participation in Voting
2022.01.20	LIN CHEN, YA-ZI LIN, SHENG-ZHI	Passing a proposal to donate 3 million New Taiwan Dollars to the KAULIN FOUNDATION to promote the sustainable management concept of CSR and ESG.	Involvement of related party interests	Excluding directors who should avoid conflict of interest, the rest of the directors present approved the proposal without objection.
2022.01.20	LIN CHEN, YA-ZI LIN, SHENG-ZHI CHEN, YI-FENG	The distribution plan of annual bonuses for company executives for 2021.	Involvement of related party interests	Excluding directors who should avoid conflict of interest, the rest of the directors present approved the proposal without objection.
2022.08.11	All Directors	Discussion of the individual remuneration distribution for company directors for 2021.	Abstained from participating in the discussion and voting on their own remuneration distribution	The directors who are affected by the decision about individual remuneration distribution abstained from the discuss and voting due to their self interest, as required by law
2023.01.12	LIN CHEN, YA-ZI LIN, SHENG-ZHI	Passing a proposal to donate NT$ 2 million to the KAULIN FOUNDATION to promote the sustainable management concept of CSR and ESG.	Involvement of related party interests	Excluding directors who should avoid conflict of interest, the rest of the directors present approved the proposal without objection.
2023.01.12	LIN CHEN, YA-ZI LIN, SHENG-ZHI	The distribution plan of annual bonuses for company executives for 2022.	Involvement of related party interests	Excluding directors who should avoid conflict of interest, the rest of the directors present approved the proposal without objection.

3. Information about the evaluation cycle and period, evaluation scope, method, and content of the board of directors' self (or peer) evaluation, and the execution status of the board of directors' evaluation should be filled in. Our company's board of directors approved the establishment of a self-evaluation method for the board of directors at the 7th board of directors meeting in 2020. The performance evaluation report for the board of directors in 2022 was approved by the board of directors on March 23rd and completed by the end of March.

4. Evaluation of the objectives and execution status of enhancing the board of directors' functions in the current year and the most recent year:

(1) Our company's rules of procedure for board of directors meetings clearly stipulate that the board of directors should notify all directors and supervisors seven days before the meeting, and specify the time, place, and reason for the meeting; however, in case of an emergency, the meeting can be convened at any time, and directors cannot object on the grounds that the notice of convening was not given seven days in advance.

(2) Our company has a dedicated person responsible for disclosing monthly revenue and major information every month and announcing it in the public information observation station as required.

(2) Implementation of Board Evaluation

Evaluation Period (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Performed once a year.	Performance evaluation of the board from January 1, 2022, to December 31, 2022.	Includes performance evaluations of the board, individual board members, and functional committees.	Internal self-evaluation of the board and self-evaluation of board members.	(1) Board of Directors Performance Assessment: Includes at least the level of participation in company operations, quality of board decisions, composition and structure of the board, appointment and continuing education of directors, internal controls, etc. (2) Individual Director Performance Assessment: Includes at least understanding of company goals and missions, recognition of director duties, level of participation in company operations, management of internal relationships and communication, professionalism and continuing education of the directors, internal controls, etc. (3) Functional Committee Performance Assessment: Includes at least the level of participation in company operations, recognition of functional committee responsibilities, quality of committee decisions, composition and selection of committee members, internal controls, etc.

Note 1: Indicates the execution cycle of the board evaluation, e.g., performed once a year.
Note 2: Indicates the period covered by the board evaluation, e.g., the performance of the board from January 1, 2019, to December 31, 2019, is evaluated.
Note 3: The scope of the assessment includes the performance evaluation of the board, individual board members, and functional committees.
Note 4: Evaluation methods include self-evaluation by the board, self-evaluation by board members, peer assessment, assignment to external professional institutions, experts, or other appropriate methods for performance evaluation.
Note 5: The evaluation content should at least include the following items according to the evaluation scope:

1. Board of Directors Performance Assessment: As mentioned above.

2. Individual Director Performance Assessment: As mentioned above.

3. Functional Committee Performance Assessment: As mentioned above.

2. Information about the operation of the Audit Committee

The Audit Committee held 5 meetings (A) in the most recent year (2022), and the attendance situation of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note 1 & 2)	Remarks
Independent Director	LIN, SHENG-SHENG	5	0	100%	
Independent Director	YANG, ZHI-LUN	5	0	100%	
Independent Director	HUANG, LI-TING	4	0	80%	

Other items that should be recorded:

1. If the operation of the Audit Committee includes any of the following situations, it should specify the date of the Audit Committee meeting, session, content of the proposal, opposition of independent directors, reserved opinions or content of major suggestions, resolution results of the Audit Committee, and the company's handling of the opinions of the Audit Committee.

(1) Matters listed in Article 14-5 of the Securities Exchange Act.

(2) Other than the above matters, other resolutions that have not been passed by the Audit Committee but have been agreed by more than two-thirds of all directors: None.

2. The execution of the independent directors' conflict of interest recusal should specify the name of the independent director, content of the proposal, reasons for the recusal, and the participation in voting: None.

3. Communication between independent directors and the internal audit director and accountant (should include significant issues, methods, and results of communication on the company's financial and business situation):

Date	Mode of Communication	Matters Discussed	Communication Results
2022.11.10	Seminar	1. Considering the future operational development needs of the company, it is proposed to increase the number of internal audit personnel.	It is proposed to add 2 assistant audit personnel.

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

Note 2: If an independent director is replaced before the end of the year, both the new and old independent directors should be listed, and the remarks column should note whether the independent director is old, new, or re-elected and the date of the change. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the actual number of attendances during his tenure.

3. Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the company formulated and disclosed corporate governance practice codes in accordance with the Corporate Governance Practice Codes for Listed and OTC Companies?	V		Our company has established a robust corporate governance system in compliance with the "Corporate Governance Practice Guidelines for Listed and OTC Companies". We have formulated and disclosed the "Corporate Governance Practice Guidelines", which are posted on our company website (https://siruba.com).	None
2. Company's equity structure and shareholders' rights (1) Has the company established internal operating procedures to handle shareholder suggestions, doubts, disputes, and litigation matters, and implemented them according to the procedures? (2) Does the company grasp the list of major shareholders who actually control the company and the ultimate controllers of the main shareholders? (3) Has the company established and implemented risk control and firewall mechanisms between related enterprises? (4) Has the company formulated internal regulations prohibiting insiders from trading securities with unpublished information on the market?	V V V V		(1) We have established an internal operation procedure to handle shareholder suggestions, doubts, disputes, and litigation, and implement it according to the procedure. (2) We keep track of the list of major shareholders who actually control the company and the list of ultimate controllers of major shareholders. (3) We have established and implemented the "Subsidiary Supervision Measures". (4) We have procedures for handling significant internal information and preventing insider trading. It is expressly forbidden for insiders of the company to buy and sell securities with unpublicized information in the market.	None None None None
3. Composition and duties of the board of directors (1) Has the board of directors formulated a diversity policy, specific management objectives, and implementation?	V		(1) According to our company's "Corporate Governance Practice Guidelines" Article 20 (Capabilities the Board of Directors should possess as a whole) The Board of Directors of our company should guide corporate	None

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(2) Apart from legally setting up the Salary and Remuneration Committee and the Audit Committee, has the company voluntarily set up other functional committees? (3) Has the company formulated a board of directors performance evaluation method and its evaluation method, conducted performance evaluations annually and regularly, reported the results of the performance evaluations to the board of directors, and used it as a reference for individual director salary and nomination for reappointment? (4) Does the company regularly assess the independence of the certifying accountant?	V V		strategy, supervise management, and be accountable to the company and its shareholders. All operations and arrangements of its corporate governance system should ensure that the Board exercises its authority in accordance with laws, the company's charter, or resolutions of the shareholders' meeting. The structure of our company's board of directors should take into account the scale of the company's operation and development and the shareholding status of its major shareholders, to determine an appropriate number of directors of more than five, considering practical operation needs. The composition of the board of directors should consider diversity. Apart from the director serving as the manager of the company, which should not exceed one-third of the directorship, there should also be a consideration for their operation, business model, and development needs to formulate appropriate diversity policies. This should include but not be limited to the following two standards: 1. Basic conditions and values: gender, age, nationality, and culture, etc. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.	None None

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
	V		(2) In addition to the establishment of a compensation committee and an audit committee as required by law, our company also has a sustainable development committee. The general manager serves as the "chairman", and heads of each department serve as "members" to assist in promoting sustainability-related work. The sustainability committee is currently an independent operating organization, and in the future, it will continue to discuss and strengthen the connection with the board of directors. (3) The company has established the board of directors' performance evaluation methods and its evaluation methods, conducts regular performance evaluations annually, and reports the results of the performance evaluation to the board of directors. It also uses the results for individual director's salary compensation and nomination for re-election as a reference to implement corporate governance and improve the function of our company's board of directors. The scope of the evaluation includes the overall board of directors, individual board members, and functional committee performance evaluations. The evaluation methods can include self-evaluation within the board, self-evaluation of board members, peer evaluation, the appointment of external professional	None

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			organizations, experts, or other appropriate methods for performance evaluation. The evaluation items of our company's board of directors include the following five aspects: 1. The level of involvement in the company's operations. 2. Improve the decision-making quality of the board of directors. 3. Composition and structure of the board of directors. 4. Selection and ongoing education of directors. 5. Internal control. Our company has been conducting performance evaluations of the board of directors since 109. At the end of each year, each executive unit collects information related to board activities, distributes and completes "Board Performance Evaluation Self-Assessment Questionnaires", "Director Performance Evaluation Self-Assessment Questionnaires" or "Functional Committee Performance Evaluation Self-Assessment Questionnaires", etc. Finally, the coordinating executive unit or board secretariat collects the data, records the evaluation results according to the scoring standards of the evaluation indicators, and submits them to the board of directors for review and improvement. The performance evaluation of the board of directors for 2022 was completed in early 2023, and the	

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			evaluation results were reported to the board of directors on March 23, 2023. (4) Our company regularly evaluates the independence of the certifying accountant every year through the shareholder services unit to confirm that the certifying accountant does not hold any shares in our company, and the certifying accountant does not hold any positions in our company. The Company has issued a statement on the role, responsibilities and independence of the certifying accountant and the criteria for assessing the suitability and independence of the certifying accountant are set out below (Note).	
4. Does the company deploy suitable and adequate number of corporate governance personnel, and appoint corporate governance supervisors, to handle corporate governance-related affairs (including but not limited to providing information needed by directors and supervisors to perform their duties, assisting directors and supervisors to comply with laws and regulations, legally handling board of directors and shareholder meeting affairs, and preparing board of directors and shareholder meeting minutes)?	V		The company has established a "Sustainability Development Committee" and has appointed full-time (or part-time) personnel responsible for corporate governance-related affairs, in accordance with regulations.	None
5. Has the company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the company website, and adequately respond to important corporate social responsibility issues of concern to stakeholders?	V		The company has also set up communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), established a dedicated section for stakeholders on the company website, and appropriately responds to key corporate social responsibility issues of concern to stakeholders.	None

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
6. Has the company appointed a professional stock affairs agency to handle shareholders' meeting affairs?	V		The company has commissioned the professional shareholder service agency Hua Nan Yong Chang Securities Co., Ltd. to handle shareholder meeting affairs.	None
7. Information Disclosure (1) Has the company set up a website to disclose financial operations and corporate governance information? (2) Has the company adopted other ways of disclosing information (such as setting up an English website, designating a person responsible for the collection and disclosure of company information, implementing a spokesperson system, placing the proceedings of a legal person's briefing on the company's website, etc.)? (3) Has the company announced and reported annual financial statements within two months after the end of the fiscal year, and announced and reported the first, second, third quarter financial reports and monthly operations in advance before the deadline?	V V	 V	(1) The company has currently set up a website in both Chinese and English, disclosing related investor information and corporate governance information in the shareholder section. It is also possible to link to the Public Information Observatory through our company's website to query related content. (2) The company has designated a person responsible for the collection and disclosure of company information and implemented the spokesperson system according to regulations. (3) The company is currently unable to announce and file annual financial reports within two months after the end of the fiscal year, and announce and file quarterly financial reports and monthly operational conditions ahead of the deadline.	None None 研議改進調整中
8. Does the company have any other important information that helps to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, directors and supervisors' learning situation, implementation of risk management policy and risk measurement standards, implementation of customer policy, the company's purchase of liability insurance for directors and supervisors, etc.)?	V		(1) Continuing education for directors and supervisors: Our company's directors and supervisors strive to participate in corporate governance or related courses and seminars conducted by competent authorities. (2) The company convenes a board of directors, and this year has convened a total of 6 times. The number of times the directors and supervisors attend the board meetings is regularly disclosed	None

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			through the Public Information Observatory of the competent authority. (3) Directors' execution of conflict of interest recusal: Our company's directors uphold the principle of high self-discipline. If the agenda of the board of directors involves conflicts of interest that may damage the company's interests, they may not vote. (4) Social responsibility: In addition to focusing on the development of the main business, the company also takes responsibility for the social responsibilities of the company such as consumer rights and social welfare, and gives back to society at appropriate times.	
9. Please explain the improvements made based on the most recent annual corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and propose priority issues and measures for those yet to be improved. The final score of the company's corporate governance evaluation for 2022 is 43.15, ranking in the 81%~100% percentile. In 2023, the company will focus on improving the protection of shareholder rights, treating shareholders equally, implementing corporate social responsibility, improving information transparency, and continuing to strengthen the effectiveness of the board of directors to enhance its function, establish a comprehensive stakeholder communication platform, to promote shareholder activism, improve the quality of non-financial information disclosure, and strengthen corporate governance information.				

Note:

Performance Evaluation Form for CPA for 2022

Instructions for Performance Evaluation of Accountant:

1. Purpose: To evaluate the suitability of the accountant, the company should regularly evaluate the performance of the appointed accountant.
2. Restrictions: Before filling in this form, you should first evaluate the independence of the accountant according to the "Evaluation Form of Independence and Suitability of Accountant". If the accountant has independence, you should fill in this form again; on the contrary, if the

accountant does not have independence, you do not need to fill in this form.
3. Evaluation period and time: The evaluation period is the recent year and up to the evaluation date; the evaluation time should be before March each year or when necessary.
4. Scoring standard: If the evaluation result of this form is not more than 70 points, it means that the suitability of the accountant is questionable.
5. Reporting to the board of directors: The evaluation results of this form should be reported to the board of directors as the basis for whether to hire or rehire the accountant.
Name of Accounting Firm: KPMG
Name of Certified Public Accountant: HSU, YU-FENG Accountant
Evaluation period: 2022/1/1~2022/12/31

Evaluation Indicators		Specific Indicators	Evaluation Criteria	Score
Service Quality and Scale	1	Disciplinary records of the accountant	10 points for those with no disciplinary action, otherwise 0 points.	10
	2	Scale of the accounting firm	5 points if it ranks in the top 10% of the industry, 4 points for the top 20%, and so on, decreasingly.	5
	3	Whether the quality management system of the accounting firm is established	3 points if it's established, otherwise 0 points.	3
	4	Number of litigations involving the accounting firm	3 points for zero times, 1 point for once, 0 points for twice or more.	3
	5	Whether there have been significant errors in the professional service reports provided by other members of the firm in the past	5 points for zero times, 3 points for once, 0 points for twice or more.	5
	6	Communication with the company's governance unit	Whether there is good communication with the company's governance unit.	是
Professionalism	1	Accountant's tenure	1 point for 1 year, 2 points for 2 years, 3 points for 3 years, 4 points for 4 years, 5 points for 5-6 years, 0 points for more than 7 years.	1
	2	The proportion of members in the audit service team with accounting licenses	Each licensed accountant counts for 2 points, up to 10 points.	8
	3	Has the accountant achieved the required training hours	Achievement of training hours is 5 points, otherwise, it is 0 points.	5
	4	On-the-job training for audit service team members	On average, each person achieves 10 hours for 1 point, 20 hours for 2 points, and so on. Maximum of 10 points	6
	5	Professional attention required by the accountant	When conducting an audit and writing a report, due professional	3

Evaluation Indicators	Specific Indicators		Evaluation Criteria	Score
			attention has been paid. Maximum of 3 points	
Timeliness and Cooperation	1	Formal financial reports for the first three quarters are completed within 45 days of the end of the quarter, or annual financial reports are completed within three months of the end of the year. (Formal financial reports)	If completed 3 days in advance, it's 5 points; on time is 3 points, and past the due time is 0 points.	5
	2	Accuracy of auditing and preparing preliminary statements each quarter and at the start of the year (not including company data changes). (Four major tables)	For financial report numbers, 2 or fewer mistakes are 5 points, 3 mistakes are 3 points, and more than 3 mistakes are 0 points.	5
	3	Time the accountant completes the audit of the company's accounts for the first three quarters and finishes the draft.	Audit review of the reports for the first three quarters within 30 days is 5 points, within 40 days is 3 points, and over 40 days is 0 points.	5
	4	Time the accountant completes the annual audit of the company's accounts and finishes the draft.	Audit review of the annual report within 60 days of the year's end is 5 points, within 70 days is 3 points, and over 70 days is 0 points.	5
	5	Whether the accountant interacts frequently with company management (internal auditors, etc.) and keeps records.	If there's interaction, it's 3 points, if no interaction, it's 0 points.	3
	6	Whether the accountant has appropriate interaction with the audit committee and keeps records before planning the audit and issuing an audit opinion.	If there's interaction, it's 3 points, if no interaction, it's 0 points.	3
	7	Whether the accountant actively makes recommendations for the company's systems and internal control audits and keeps records.	If there's interaction, it's 5 points, if no interaction, it's 0 points.	5
	8	Regularly proactively update the company on tax laws and regulations and updates to the revised IFRS accounting	If updated, it's 3 points, if not, it's 0 points.	3

Evaluation Indicators	Specific Indicators		Evaluation Criteria	Score
		standards.		
	9	Stability of personnel in the audit service team.	If stable, it's 3 points, if not, it's 0 points.	3
	10	Assistance in communication and coordination with competent authorities.	If there's assistance, it's 3 points, if not, it's 0 points.	3
			Total Score	89

Note: If there are reasons attributable to the company that affect the evaluation results, the relevant standards will be adjusted flexibly depending on the situation.

Performance Evaluation Form for CPA for 2022

Instructions for Performance Evaluation of Accountant:

1. Purpose: To evaluate the suitability of the accountant, the company should regularly evaluate the performance of the appointed accountant.
2. Restrictions: Before filling in this form, you should first evaluate the independence of the accountant according to the "Evaluation Form of Independence and Suitability of Accountant". If the accountant has independence, you should fill in this form again; on the contrary, if the accountant does not have independence, you do not need to fill in this form.
3. Evaluation period and time: The evaluation period is the recent year and up to the evaluation date; the evaluation time should be before March each year or when necessary.
4. Scoring standard: If the evaluation result of this form is not more than 70 points, it means that the suitability of the accountant is questionable.
5. Reporting to the board of directors: The evaluation results of this form should be reported to the board of directors as the basis for whether to hire or rehire the accountant.

Name of the Accounting Firm: KPMG

Certifying Accountant's Name: KO, HUI-CHI Accountant

Evaluation Period: 2022/1/1~2022/12/31

Evaluation Indicators	Specific Indicators		Evaluation Criteria	Score
Service Quality and Scale	1	Accountant's disciplinary records	Those without disciplinary actions score 10 points, otherwise 0 points.	10
	2	Size of the accounting firm	Being in the top 10% of the industry scores 5 points, the top 20% scores 4 points, and so on in decreasing order.	5
	3	Whether a quality management system has been established in the accounting firm	Those who have established it score 3 points, otherwise 0 points.	3
	4	The number of litigation cases involving the accounting firm	0 occurrences score 3 points, 1 occurrence scores 1 point, 2 or more occurrences score 0 points.	3
	5	Whether there are significant	0 occurrences score 5 points, 1	5

Evaluation Indicators		Specific Indicators	Evaluation Criteria	Score
		errors in the professional service reports previously provided by other members of the firm	occurrence scores 3 points, 2 or more occurrences score 0 points.	
	6	Communication with the company's governance unit	Whether there is good communication with the company's governance unit.	是
Professionalism	1	Accountant's tenure	1 year scores 1 point, 2 years score 2 points, 3 years score 3 points, 4 years score 4 points, 5-6 years score 5 points, more than 7 years score 0 points.	1
	2	The ratio of audit service team members holding accountant licenses	Each accounting license held scores 2 points, up to 10 points.	8
	3	Whether the accountant has completed the required further education	Those who have completed the required hours for further education score 5 points, otherwise 0 points.	5
	4	On-the-job training for audit service team members	On average, each person reaching 10 hours scores 1 point, 20 hours scores 2 points, and so on, up to 10 points.	6
	5	The attention required in the accountant's profession	Due attention should be given in the execution of audit work and the writing of reports. Up to 3 points.	3
Timeliness and Cooperation	1	Whether the formal financial statements for the first three quarters were completed within 45 days after the end of the quarter or the annual financial statements were completed within three months after the end of the year. (Formal financial statements)	Completing 3 days early scores 5 points, completing on time scores 3 points, exceeding the time scores 0 points.	5
	2	The accuracy of the initial version of quarterly and annual financial statements checked and compiled (excluding changes in company information). (Four major tables)	Up to 2 errors in the financial report numbers score 5 points, up to 3 errors score 3 points, more than 3 errors score 0 points.	5
	3	Time taken by the accountant to complete the audit of the company's first three quarters and complete the first draft.	Completing the review of the first three quarters' report within 30 days scores 5 points, within 40 days scores 3 points, over 40 days scores 0 points.	5

Evaluation Indicators	Specific Indicators		Evaluation Criteria	Score
	4	Time taken by the accountant to complete the audit of the company's annual accounts and complete the first draft.	Completing the review of the report after the end of the year within 60 days scores 5 points, within 70 days scores 3 points, over 70 days scores 0 points.	5
	5	Whether the accountant interacts frequently with company management (internal audit personnel, etc.) and keeps a record.	If there is interaction, score 3 points, no interaction scores 0 points.	0
	6	Whether the accountant had proper interaction with the audit committee before the audit planning and issuing audit opinion and kept a record.	If there is interaction, score 3 points, no interaction scores 0 points.	0
	7	Whether the accountant has made proactive recommendations on the company's system and internal control audit and kept a record.	If there is interaction, score 5 points, no interaction scores 0 points.	0
	8	Proactively updating the company on tax laws, securities management laws, and updated revised IFRS accounting standards.	If present, score 3 points, otherwise score 0 points.	3
	9	Stability of the members of the audit service team.	If present, score 3 points, otherwise score 0 points.	3
	10	Assistance in communication and coordination with the authorities.	If present, score 3 points, otherwise score 0 points.	3
			Total Score	78

Note: If there are reasons attributable to this company that affect the evaluation results, the standards for relevant items will be flexibly adjusted as necessary.

4. If the company has established a remuneration committee, it should disclose its composition, responsibilities, and operation:

4-1 Information on the members of the Remuneration Committee

May 2, 2023

Title (Note 1)	Criteria / Name	Professional Qualifications and Experiences (Note 2)	Professional Qualifications and Experiences (Note 3)	Number of members of other public companies' Remuneration Committees
Independent Director	YANG, ZHI-LUN	Refer to Page 16 for details of Director Information.		
Independent Director	LIN, SHENG-SHENG			
Independent Director	HUANG, LI-TING			

4-2 Duties of the Remuneration Committee

The duties of our company's Remuneration Committee are as follows:

1. Regularly review the Remuneration Committee's organizational regulations and propose amendments.
2. Establish and regularly review the performance goals and remuneration policy, system, standards, and structure for the company's directors and managers.
3. Regularly assess the achievement of performance goals by the company's directors and managers and recommend the content and amount of their individual remuneration.

4-3 Remuneration Committee Operation Information

4-3-1 Our company's Remuneration Committee has 3 members.

4-3-2 The term of the fourth committee: July 2, 2019, to July 1, 2023.

As of the date of publication of the annual report, the fourth Remuneration Committee met 12 times (A), and the qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (B/A) (Note)	Remark
Convener	YANG, ZHI-LUN	12	0	100.0%	
Committee Member	LIN, SHENG-SHENG	12	0	100.0%	
Committee Member	HUANG, LI-TING	11	1	91.7%	
Other matters to be recorded: 1. First, if the board of directors does not adopt or amend the recommendations of the Remuneration Committee, the date, period, content of the motion, the resolution of the board of directors, and the company's handling of the Remuneration Committee's opinions should be stated: None. 2. Second, if the decisions of the Remuneration Committee have objections or reservations by members and there are records or written statements, the date, period,					

content of the motion, all members' opinions, and the handling of members' opinions should be stated: None.

Notes:
(1) If a member of the Remuneration Committee resigned before the end of the year, the resignation date should be noted in the note column, and the actual attendance rate (%) should be calculated based on the number of meetings held by the Remuneration Committee and the number of actual attendances during his tenure.
(2) Before the end of the year, if a member of the Remuneration Committee is elected, both the new and former members of the Remuneration Committee should be filled in, and the note column should indicate whether the member is former, new, or re-elected and the election date. The actual attendance rate (%) should be calculated based on the number of meetings held by the Remuneration Committee and the number of actual attendances during his tenure.

5. Implementation of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the company established a governance structure to promote sustainable development, set up a full-time or part-time unit for promoting sustainable development, which is handled by the senior management authorized by the board of directors, and how does the board of directors supervise this?	V		1. Following the vision and mission of our company's ESG policy, we established the "Corporate Governance Office" in 109, and renamed it as the "Sustainability Development Committee" in July 2021, which is the highest level of sustainable development decision-making center in the company, chaired by the General Manager, with several senior executives from different fields to review the company's core operational capabilities and set mid- to long-term sustainable development plans. 2. The "Sustainability Development Committee" serves as an integration platform for interdepartmental communication. Through quarterly meetings and task groups set up according to the topics, they identify sustainable issues related to the company's operations and stakeholders, formulate corresponding strategies and work guidelines, compile budgets related to various organizations and sustainable development, plan and implement annual plans, and track the implementation results to ensure that sustainable development strategies are fully implemented in the company's daily operations.	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			3. The "Sustainability Development Committee" regularly reports the results of sustainable development and future work plans to the Board of Directors.	
2. Based on the principle of significance, does the company conduct risk assessments on environmental, social, and corporate governance issues related to the company's operations, and formulate related risk management policies or strategies? (Note 2)	V		1. On August 11, 2022, the Board of Directors approved the "ESG Risk Management Policy and Procedures". 2. The "Mg74- Gaolin Group Risk Factor Assessment Table" and "Mg75-Risk Assessment Management Record Table" of each responsible department have been reviewed by the department head before August 31, submitted to the Sustainable Development Committee for compilation, and implemented after the approval of the general manager. 3. The goal of our company's risk management is to reduce operational risks in a timely manner, grasp the opportunities of development, and follow ESG principles and practices, in order to fulfill the corporate citizenship and innovative operations, good corporate governance can balance environmental and social responsibilities.	No significant differences
3. Environmental issues (1) Has the company established an appropriate environmental management	 V		Our company is committed to implementing environmental protection in the production process. In the production value chain, everything from raw materials to products falls within the scope of our environmental conservation efforts. To embody our spirit, our company actively focuses on environmental protection issues. In addition to starting with	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
system based on its industry characteristics?			core technologies and actively researching and developing solutions for high-process efficiency and innovative green products, we also actively consider from the perspective of product life cycle and social responsibility, with 'energy conservation and emission reduction' as our vision. The performance evaluation of all colleagues is linked to show our determination.	
(2) Is the company committed to improving energy efficiency and using renewable materials with low environmental impact?	V		1. Faced with the impact of the low-carbon era, reducing energy costs has become a necessary strategy for current businesses to pursue sustainable development. Our company, based on our concern for energy management issues and feeling the severe challenges faced by future energy management, has established an 'Energy Conservation Management Method' as the highest guideline for energy management to comply with energy regulations. Each factory area is responsible for planning and supervising through the PDCA (Plan-Do-Check-Action) cycle, verifying the implementation effect and continuous improvement, to meet the company's sustainable development and environmental coexistence and mutual prosperity goals. 2. Renewable energy highlights: In order to implement the sustainable operation of the enterprise, our company's Taoyuan factory had planned to set up a solar rooftop renewable energy generation project as early as 2019. The roof was rented to solar photovoltaic companies to build additional solar panels,	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			converting solar heat into electricity. This supports the government's promotion of green energy, encourages companies to participate in the solar photovoltaic construction policy, and helps solve the problem of power shortage.	
(3) Has the company evaluated the potential risks and opportunities of climate change for the business now and in the future, and taken relevant measures to respond?			Our company takes into account the potential impacts brought about by climate change, such as on the economic front, including the inability to meet customer demand for products and services in a timely manner, increased operating costs, and environmental factors such as the operating bases facing water and power outages. We estimate the probability and degree of risk occurrence, and plan risk response and mitigation measures at annual strategic meetings, as well as crisis management mechanisms, to issue early warnings and mitigate the impact of risks on company operations. The Taoyuan factory in Gaolin has already set up solar power generation equipment to increase renewable energy generation.	No significant differences
(4) Has the company recorded the amount of greenhouse gas emissions, water consumption, and total waste weight over the past two years, and formulated policies for greenhouse gas reduction, water reduction, or other waste management?		V	Our company has set up a greenhouse gas inventory of the boundary of the inventory organization in accordance with the ISO 14064-1:2018 standard and the 'Greenhouse Gas Inventory Management Procedure'. To maintain the operation of greenhouse gas management and comply with the information management requirements of the international standard ISO/CNS 14064-1:2018, the greenhouse gas inventory operation for the previous year was completed in the first quarter of every other year starting from 2022 to confirm the emissions of the previous year. It is used as a reference for management decisions.	2022 is the benchmark year for auditing.

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
4. Social issues (1) Has the company formulated related management policies and procedures in accordance with relevant laws and international human rights conventions?	V		With the international community's growing focus on human rights issues, the actions taken on corporate human rights issues are also an important part of promoting sustainable operations. Our company adheres to Taiwan's labor-related laws and refers to the international human rights conventions such as the 'Universal Declaration of Human Rights of the United Nations', the 'Ten Principles of the United Nations Global Compact', and domestic and foreign human rights initiatives. We implement the rights of our employees, develop good working conditions, communication mechanisms, and training development so that all employees can receive fair and dignified treatment. Moreover, our company pays attention to supplier and location human rights issues, requiring suppliers to comply with our human rights norms and agreements, ensuring that suppliers and business locations have the right to freedom of association and collective bargaining.	No significant differences
(2) Has the company established and implemented reasonable employee welfare measures (including salaries, vacations, and other benefits), and appropriately reflected business performance or results in employee compensation?	V		Employee remuneration: To attract and retain talent, our company provides competitive compensation, and each colleague's salary is determined based on the employee's own experience and evaluation of the application, not because of factors such as gender, nationality, and race, and all reach the legal minimum wage stipulated by the Labor Bureau. Our company has set up a salary compensation committee, which meets at least twice a year to regularly review the company's salary compensation policies, systems, standards, and structures. Our company has a response mailbox for stakeholders to provide feedback on our company's compensation issues, and significant topics are included in the compensation committee	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			discussion case, to assess whether the stakeholder proposal is used as a reference for adjusting our company's compensation. Employee welfare measures: In accordance with the Labor Standards Act and other related laws, our company provides labor, health insurance, parenting, retirement preparation fund, leave and attendance system, and other welfare policies. All our employees process labor insurance and national health insurance according to legal regulations and enjoy the power of insurance benefits, so that each employee can feel cared for and taken care of. The company has established an employee welfare committee, which allocates welfare funds every month and plans and provides high-quality various benefits for colleagues, such as employee travel subsidies, lifestyle and art course subsidies, birthday vouchers, marriage allowances, birth allowances, funeral allowances, etc. In addition, we also provide colleagues with free health check plans, colleague preferential car purchase plans, and other benefits. For colleagues who encounter situations such as parenting, major illness, major changes, and need a longer time off, they can also apply for leave without pay, to take care of personal and family needs. Workplace Diversity and Equality: Achieving equal pay and equal promotion opportunities for men and women promotes sustainable and inclusive economic growth.	

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			Business performance is reflected in employee compensation: Article 23 of the Articles of Association: If the company makes a profit for the year, it should allocate employee and director remuneration in the following manner. 1. Employee remuneration is two to eight percent. The targets for our company's distribution of employee remuneration include employees of controlled or subordinate companies that meet certain conditions, which are set by the board of directors. 2. Director remuneration is not higher than three percent. Overall compensation policy: Our company participates in market compensation surveys every year and adjusts salaries based on market salary levels, economic trends, and individual performance to maintain overall compensation competitiveness. In 2022, the annual average salary adjustment range for our company in Taiwan, including supervisors and non-supervisors, was 3%~5%.	
(3) Does the company provide a safe and healthy work environment for its employees, and regularly implement	V		Our company places high importance on occupational safety and health, devoting resources to the safety, health, and mental well-being of our employees. We consider the work safety of each employee as the foundation of the company's operation. To maintain, promote, and improve the working environment and health of employees, we have	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
safety and health education for its employees?			established an "Occupational Safety and Health Management Regulation." Our company's safety and health policy emphasizes "Respect for 'life value,' insistence on 'safety discipline,' and prevention of 'workplace accidents.'" We aim to comply with government environmental protection and occupational safety and health regulations, thereby fulfilling our corporate social responsibility. To establish a safe working environment, in accordance with Article 23 of the Occupational Safety and Health Act, our company has established an Occupational Safety and Health Committee. This committee provides suggestions for the safety and health policies proposed by the safety and health office and reviews, coordinates, and proposes safety and health-related matters.	
(4) Has the company established an effective career capability development training plan for its employees?	V		Our company provides comprehensive job training for supervisors and colleagues at all levels, including new employee training, advanced professional training, and supervisor training. We assist colleagues in continuing to learn and grow through various learning methods and introduce training courses related to the belief in corporate ethics, fostering colleagues' key capabilities. During regular annual performance interviews, supervisors and employees discuss and set individual annual ability development plans	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			together. Through regular reviews and feedback, we assist employees in tailoring the best development plans.	
(5) Regarding issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant laws and international guidelines, and formulate policies and complaint procedures to protect consumer or customer rights?	V		Our company controls and manages the value chain of products, from raw materials and logistics to customers. We establish management mechanisms and continuously track product safety information and perfect internal reporting mechanisms to fulfill the commitment to product safety. We have established a customer data protection management system and policy and set up a customer data protection project team to manage and protect customer privacy. Through internal audits of personal data, external verification, crisis prevention, and educational training, we guard our customers' data. Our company strictly complies with relevant government regulations. In relevant rules, it is clearly stipulated that product labeling must comply with trademark laws or government regulations as the screening criteria for new suppliers. We require suppliers to sign agreements to guarantee that product ingredients, manufacturing, labeling, and advertising all comply with legal requirements. Our company has established a customer service department, periodically checking the execution of various customer policies and handling	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			customer complaints, assisting frontline business colleagues in handling customer complaint cases, and doing a good job in protecting customer rights.	
(6) Has the company formulated a supplier management policy, requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation status?	V		Suppliers are important partners in our company's value chain. In addition to providing customers with economically valuable products and services, we also pay attention to social and environmental values. To promote the sustainable development of the company and respond to the global environmental trend, our company establishes long-term cooperative relationships with suppliers, actively ensuring that each supplier complies with the social and environmental responsibilities of the supply chain. Our company upholds the spirit of corporate citizenship, to ensure the safety of the supply chain working environment, respect for labor dignity, fulfill environmental responsibilities, and comply with ethical conduct. For the screening of new suppliers, in addition to evaluating delivery quality, quantity, delivery time, and price, the company will also plan to cover the concept of corporate social responsibility in the supply chain, expanding the evaluation standards to environmentally friendly, occupational health and safety, labor and human rights, and ethical norms.	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
5. Does the company refer to internationally common reporting guidelines or guides, to compile sustainability reports or other reports that disclose the company's non-financial information? Have the aforementioned reports obtained assurance or assurance opinions from third-party verification units?		V	Our company has adopted the latest "GRI Standards," referred to the Sustainable Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and the "Regulations on the Preparation and Filing of Corporate Sustainability Reports by Listed Companies" required by the government authorities to prepare the "2022 Sustainability Report," guided by Kejian Management Consulting Co., Ltd., and published on the company's website.	There is currently no assurance or guarantee opinion from a third-party verification unit.
6. If the company has its own sustainability guidelines based on the "Listing OTC Companies Sustainable Development Practice Code," please describe the differences between its operation and the set guidelines: The company passed the "Corporate Social Responsibility Practice Code" at the board of directors' meeting in May 2021, to strengthen the implementation of corporate social responsibility. The company regularly reviews the execution status according to the guidelines and improves it accordingly. Up to now, there is no difference in the execution.				

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	

7. Other important information to understand the execution of sustainable development:

1. Our company, with the vision of "Sew Much Better - Every piece of clothing in the world carries the trace of Kaulin's sewing", shoulders the responsibility of taking care of employees, giving back to shareholders, and promoting industrial development. We have set short, medium and long-term goals, respectively, based on "establishing a sustainable development committee, operational strategy planning, risk management, product quality first", "green R&D innovation, customer satisfaction and service innovation", and "brand management and corporate sustainable management", pursuing a sustainable future together with all stakeholders.
2. The donation details of the company's sponsorship of educational, cultural, and charitable institutions or groups for the most recent year and up to the date of the annual report printing are:

Donation Date	Recipient of Donation	Donation Amount
2022.01	KAULIN FOUNDATION	3,000,000
2022.08	Sponsorship for the Guoguo Temple Pilgrimage Event (9/28-10/2)	20,000
2022.12	2022 Academic Contribution Fund for Chang Gung University	6,000
2023.02	KAULIN FOUNDATION	2,000,000

3. The company encourages leadership to establish a culture of integrity. If any acceptance person, certifier, or accounting auditor in various businesses discovers violations of the integrity guidelines during business execution, they should report them. In addition to returning all ill-gotten benefits to the person or company from whom they were taken, depending on the severity of the violation, the following penalties may be imposed, either singly or in combination, as follows:

(1) Withholding performance bonuses, year-end bonuses, and employee remuneration
(2) Demotion
(3) Dismissal
(4) Legal action.

As of 2022, our company has not received any complaints.

The company discloses the execution of its integrity management guidelines on its website and in its annual report and also announces policy documents related to integrity management and ethics on its website.

Reporting channel: Submit reports by email.

Promotional Items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
kaulinoh@siruba.com General Administration kaulinao@siruba.com Audit Room 4. Since its listing in September 2000, it has continued to distribute dividends every year, pursuing the maximum benefits for shareholders. 5. Renewable Energy: The solar power project at the Kaulin Taoyuan plant was completed in March 2021, with a total solar installation capacity of 242KW. It is estimated that the total electricity generation in 20 years can reach up to 5.8 million degrees, reducing CO_2 emissions by 3.07 million kilograms. 6. Energy-saving products: Developed a full range of sewing machines driven by direct drive servo motors, which greatly saves power consumption compared to the previous induction motor drive mode, saving energy by 34.4% compared to traditional induction motors, achieving the goal of energy saving and carbon reduction. 7. Promoting public welfare: The Kaulin Foundation promotes various public welfare activities, establishes heavy sewing labs, etc., and assists rural and disadvantaged groups in learning skills through design and hands-on courses, and assists in second-time employment.				

6. Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons:

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishing Policy and Plan for Integrity Management (1) Has the company established a policy for integrity management approved by the board of directors, which is explicitly stated in the regulations and external documents, outlining the methods of integrity management, as well as the commitment of the board and senior management to implement the operational policy? (2) Has the company established a mechanism for assessing risks of dishonest behavior, regularly analyzing and evaluating business activities within its scope with higher risks of dishonest behavior, and based on this, has it established a plan to prevent dishonest behavior, covering at least all types of behaviors mentioned in Article 7, Paragraph 2 of the "Integrity Management Guidelines for Listed Companies"? (3) Has the company clearly defined operational procedures, behavioral guidelines, penalties for violations, and the appeal system within the plan to prevent dishonest behavior, and has it been effectively implemented and regularly reviewed for modifications?	V V V		(1) The company has a "Code of Integrity Management" to regulate the company's integrity management policy. To ensure employees, management, and the board fully understand and comply, we regularly hold briefings, and incorporate it into the internal control system. (2) The company regularly holds education and training sessions for directors, supervisors, managers, employees, and substantial controllers, and invites the counterparts involved in commercial activities with the company to join, to fully understand the company's determination, policy, and preventive plan for integrity management, and the consequences of violating the rules against dishonest behavior. (3) The company has established operational procedures and guidelines for integrity management, clearly defining prohibitions against bribery and graft, accepting unreasonable gifts and hospitality, or other improper benefits. In addition to establishing various control points in internal control, we also have preventive	None None None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			measures such as whistleblowing hotlines.	
2. Implementation of Integrity Management (1) Does the company evaluate the integrity record of its business partners and include clauses regarding integrity behavior in the contracts it signs with them? (2) Has the company established a unit dedicated to promoting corporate integrity under the board of directors, and does it regularly (at least once a year) report to the board about its policy on integrity management and its plan and supervisory measures to prevent dishonest behavior? (3) Has the company established a policy to prevent conflicts of interest, provided suitable reporting channels, and effectively implemented them? (4) To implement integrity management, has the company established an effective accounting system and internal control system, and has the internal audit unit made audit plans based on the assessment results of dishonest behavior risk, to check the compliance of the plan to prevent dishonest behavior, or has it commissioned an accountant to perform the audit? (5) Does the company regularly hold internal and external education and training sessions on integrity management?	V V V V V		(1) When handling various businesses, our company will evaluate whether the counterparty has a record of dishonest behavior, and clearly define the integrity behavior clause in the signed contract. (2) Our company sets up a Sustainable Development Committee under the board of directors to promote corporate integrity management. (3) Provides a legitimate reporting channel, and should keep the identity of the whistleblower and the content of the report confidential. Clearly defined disciplinary and complaint system for violations of integrity management regulations, and timely disclose information such as the title, name, violation date, violation content, and handling situation of the violator within the company. (4) Our company has established an accounting system and internal control system according to the regulations of the competent authority, and has prepared financial reports in accordance with International Financial Reporting Standards. We do not have any off-books or secret accounts. In addition to regular audits conducted by our internal audit staff, we also commission external accountants to carry out audits,	None None None None None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			aiming to reduce the probability of fraudulent business activities. (5) Our company regularly holds internal and external educational trainings on integrity in business operations for our directors, supervisors, managers, employees, and substantial controllers, so they fully understand the company's determination, policies, preventive measures, and the consequences of dishonest behavior.	
3. Operation of the Company's Whistleblowing System (1) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels, and appointed suitable dedicated personnel to deal with the accused? (2) Has the company established standard operating procedures for investigating whistleblower reports, measures to be taken after the investigation is complete, and relevant confidentiality mechanisms? (3) Has the company taken measures to protect whistleblowers from improper treatment due to their reporting?	V V V		(1) Article 19 of our company's "Code of Conduct for Business Integrity" clearly defines the reporting operations and handling units for violations of laws and this code of conduct. (2) Our company has established standard operating procedures for investigating reported matters, follow-up measures after the investigation is completed, and relevant confidentiality mechanisms to protect the rights and interests of the whistleblowers. (3) Our company has established related confidentiality mechanisms to protect whistleblowers from improper treatment as a result of their reporting.	None None None
4. Enhancing Information Disclosure (1) Does the company disclose the contents of its Integrity Management Guidelines and its implementation	V		(1) Our company discloses the execution of its Code of Conduct for Business Integrity on its website, annual reports, and prospectus. Our company has set up websites in both Chinese and English, under the "Investor Relations" section we disclose relevant investor information and	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
progress on its website and Public Information Observation Station?			corporate governance information. You can also access the Public Information Observation Station through a link on our website to view related content. Additionally, we have prepared the annual report for the shareholders' meeting in accordance with the "Guidelines for the Content to be Recorded in the Annual Reports of Public Companies", and the electronic file of the annual report will be sent to the Public Information Observation Station before the shareholders' meeting.	
5. If the company has established its own code of ethical management in accordance with the "Code of Ethical Conduct for Listed and OTC Companies," please describe the differences between its operation and the set rules: The company has established its code of ethical management in accordance with the "Code of Ethical Conduct for Listed and OTC Companies," and is implementing it as required.				
6. Other important information to understand the company's ethical management operations: (such as the company's review and amendment of its code of ethical management) (1) The company earnestly implements corporate governance-related provisions, establishes systems for compliance with laws and regulations, internal control and audit systems, risk management mechanisms, strengthens the functions of the board of directors, respects the rights of stakeholders, and enhances transparency. (2) The company engages in business activities fairly and transparently, checks before transactions whether the transaction partners have any records of unethical behaviors, to prevent transactions or contract signing with parties with records of unethical behaviors. If the transaction counterpart involves unethical behaviors, the contract can be terminated or rescinded at any time. (3) The company regularly holds educational training and advocacy for directors, managers, employees, and de facto controllers, and invites business partners to participate to fully understand the company's determination, policies, prevention plans, and consequences of violations of ethical conduct. (4) The company integrates the policy of ethical management with employee performance evaluation and human resource policies, and establishes a clear and effective reward and punishment system.				

7. If the company has established a corporate governance code and related regulations, the method of inquiry should be disclosed:

The company passed the corporate governance practice code at the board of directors meeting on May 13, 2021. Please refer to the annual report for the company's corporate governance operation and the difference between it and the corporate governance practice code of listed and OTC companies and the reason. The company has established the

Ethical Management Code, Corporate Social Responsibility Practice Code, Insider Trading Management Regulations, Asset Acquisition or Disposal Handling Procedures, Shareholder Meeting Rules, Audit Committee Organization Rules, Salary Remuneration Committee Organization Rules, Endorsement Guarantee Operation Procedures, Board of Directors Self-Evaluation or Peer Evaluation Method, Board of Directors Meeting Rules, Director Election Method, Fund Loan and Others Operation Procedures, Code of Ethical Conduct, etc. For the content of related regulations, please visit www.siruba.com.

8. Other important information that can enhance the understanding of the company's corporate governance operation can be disclosed:

(1) In the board of directors election in June 2020, two female members were added.

(2) The Independent Directors, Remuneration, and Audit Committees have strengthened their lineup, inviting three experts with master's and doctoral degrees in law, finance, and operational management to join, hoping to spur and improve all aspects of corporate governance.

(3) The company has specially established a Sustainable Development Committee in the organization, with a dedicated person doing specific work in corporate governance.

(4) External consultants have been invited for guidance, and a sustainability report is expected to be voluntarily submitted in June 2023.

(5) The company regularly donates to the Gaolin Foundation, engaged in helping the disadvantaged and the stitching project, providing sewing equipment and techniques, assisting disadvantaged women and aboriginal tribes in sewing skills and second spring learning, to improve their employment.

9. Implementation of Internal Control

9-1 Internal Control System Statement

KAULIN MFG. CO., LTD.
Internal Control System Statement

Date: March 23, 2023

Regarding the internal control system of the Company for the year 2022, based on our self-assessment, we hereby declare the following:

1. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Board of Directors and management. The Company has already established such a system. Its purpose is to achieve the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), provide reliable, timely, transparent, and compliant reporting, and ensure compliance with relevant regulations and laws.
2. The internal control system has inherent limitations. Regardless of how well-designed it is, an effective internal control system can only provide reasonable assurance for the above-mentioned objectives. Furthermore, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system has a mechanism for self-monitoring, and any deficiencies identified will be rectified.
3. The Company evaluates the effectiveness of the internal control system based on the evaluation criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies." These criteria divide the internal control system into five components: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication, and 5) Monitoring Activities. Each component consists of several elements. Please refer to the provisions of the "Regulations" for details.
4. The Company has adopted the above evaluation criteria to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the aforementioned evaluation results, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the design and implementation of understanding the effectiveness and efficiency of operations, reliable and timely reporting, transparency, and compliance with relevant regulations and laws, is effective and can reasonably ensure the achievement of the above-mentioned objectives.
6. This statement will become a major part of the Company's annual report and public disclosure document, and will be made publicly available. If any false, concealed, or unlawful matters are found in the disclosed content, it may incur legal liabilities under the Securities and Exchange Act, Articles 20, 32, 171, and 174.
7. This statement has been approved by the Company's Board of Directors on March 23, 2023. Among the six attending directors, there were ○ opposing opinions, and the rest agreed to the content of this statement.

KAULIN MFG. CO., LTD.

Chairman: LIN CHEN, YA-ZI

President: LIN, SHENG-ZHI

9-2 If an auditor is commissioned for a special review of the internal control system, the auditor's review report should be disclosed: Not applicable.

10. In the most recent year and up to the date of the annual report, the company and its internal staff were punished by law, the company's punishment of its internal staff for violating the internal control system regulations, and the main deficiencies and improvements: None.
11. For the most recent year and as of the date of the annual report, major resolutions of shareholders' meeting and board meetings:

(1) Shareholders' Meeting		
Date	Major Resolutions	Review of Implementation Status
2022.06.24	1. Approve the company's annual business report and financial statement case for 2021. 2. Approve the company's profit distribution case for 2021. 3. Discuss the case of revising some articles of the company's "Company Charter". 4. Discuss the case of revising some articles of the company's "Procedure for Acquiring or Disposing Assets". 5. Discuss the case of revising some articles of the company's "Procedure for Lending Funds to Others".	The profit distribution for 2021 was issued on September 16, 2022, and the rest of the work has been completed.

(2) Board of Directors		
Date	Major Resolutions	Review of Implementation Status
2022.01.20	1. Passed the discussion on the company's group operation plan for 2022. 2. Passed the discussion on establishing a short-term credit limit with E.Sun Bank and Cooperative Bank. 3. Passed the discussion on the company's guarantee for its subsidiary Ningbo Gaolin Silver Arrow Electromechanical Co., Ltd., to apply for a one-year extension of short-term financing from E.Sun Bank. 4. Passed the discussion on the company's proposal to donate NT$3 million to the Gaolin Cultural Foundation to promote CSR and ESG sustainable management concepts. 5. Passed the discussion on the distribution of the company's management bonus for 2021.	The review has been completed and implemented.
2022.03.24	1. Passed the discussion on the company's 2021 individual and consolidated financial statements and business report case. 2. Passed the discussion on the company's profit distribution case for 2021. 3. Passed the discussion on the company's 2021 staff and director compensation distribution case. 4. Passed the discussion on the company's proposal to establish a short-term credit limit with Mega Bank. 5. Passed the discussion on the performance evaluation report of the company's board of directors (including functional committees) for 2021. 6. Passed the discussion on the revision of the company's "Company Charter" case. 7. Passed the discussion on the revision of the company's "Procedure for Acquiring or Disposing of Assets" case. 8. Passed the discussion on the revision of the company's "Remuneration Committee Organization Rules" case. 9. Passed the discussion on the revision and renaming of the company's "Board of Directors Meeting Procedures" to "Board of Directors Meeting Regulations". 10. Passed the discussion on convening the company's 2022 annual shareholders meeting.	The review has been completed and implemented.

	11. Passed the discussion on the company's 2021 internal control system statement case. 12. Passed the discussion on the change of the company's financial statement auditing accounting firm and auditing accountant from the first quarter of 2022.	
2022.05.12	1. Passed the discussion on the company's Q1 2022 consolidated financial statement case. 2. Passed the application for loans of NT$100 million each from the Export-Import Bank of China and E.Sun Bank. 3. Discuss the case of salary adjustment for senior executives.	The review has been completed and implemented.
2022.08.11	1. Passed the discussion on the company's Q2 2022 consolidated financial statement case. 2. Passed the discussion on the company's 2021 profit distribution ex-dividend date case. 3. Passed the discussion on the company's 2021 director's individual compensation distribution case. 4. Passed the discussion on the company's 2021 management compensation distribution case. 5. Passed the discussion on the company's proposal to conduct an employee stock trust and management participation in the employee stock trust bonus deposit case. 6. Passed the discussion on setting the company's "ESG Risk Management Policy and Procedure" case.	The review has been completed and implemented.
2022.11.10	1. Approval of the discussion of our company's consolidated financial statements for the third quarter of 2022. 2. Approval of the proposed internal audit plan for our company for 2023. 3. Approval of the discussion of our company's management salary adjustment scale for 2022, compared to the overall staff adjustment case. 4. Approval of the discussion to establish the 'Sustainable Development Practices' of our company. 5. Approval of the discussion to amend the 'Audit Committee Organization Regulations' of our company. 6. Approval of the discussion to amend the 'Major Internal Information Processing and Insider Trading Management Procedure' of our company.	The review has been completed and implemented.
2023.01.20	1. Approval of the discussion of the 2023 group operation plan for our company. 2. Approval of the discussion on continuously establishing short-term credit lines with E.Sun Bank. 3. Approval of the discussion of the company's plan to donate 2 million New Taiwan dollars to the Gaolin Cultural Foundation to promote ESG's sustainable management concept. 4. Approval of the discussion of the distribution of the 2022 annual bonus for our company's managers.	The review has been completed and implemented.
2023.03.23	1. Approval of the discussion of our company's 2022 individual and consolidated financial statements and business report for review. 2. Approval of the discussion of our company's 2022 profit distribution case. 3. Approval of the discussion of our company's 2022 staff and director remuneration distribution case. 4. Approval of the discussion of our company's 2022 internal control system statement. 5. Approval of the discussion of the 2023 evaluation of the appropriateness and independence of the certified public accountant. 6. Approval of the discussion of our company's ongoing establishment of short-term credit limit with Mega Bank. 7. Approval of the discussion on the establishment of the general principles of the non-assurance services pre-approval policy of our company. 8. Approval of the discussion of our company's 2022 board of directors' (including functional committee) performance evaluation report.	The review has been completed and implemented.

	9. Approval of the discussion of the dissolution and liquidation of our subsidiary Siruba Latin America Company and its subsidiary Yongda Company. 10. Approval of the discussion of our company's appointment of a company governance officer. 11. Approval of the discussion on the change of the spokesperson and deputy spokesperson of our company. 12. Discussion of the election of seven directors (including four independent directors) of our company. 13. Approval of the discussion of the non-competition release of our new director and his representative. 14. Approval of the discussion to convene our company's 2023 annual shareholders meeting.	
2023.05.11	1. Approval of the discussion of our company's consolidated financial statements for the first quarter of 2023. 2. Approval of the discussion of the overdue accounts receivable of our subsidiary in Vietnam, Siruba Vietnam Company, which is over 90 days and more than one hundred million, is proposed to be classified as a nature of fund lending. 3. Approval of the discussion of the qualification review of director (including independent director) candidates nominated by shareholders at our company's 2023 annual shareholders meeting.	The review has been completed and implemented.

12. Until the printing date of the annual report, there are no recorded or written statements of the board of directors or supervisors on important resolutions approved by the board of directors: none.
13. Until the printing date of the annual report, there is a summary of the resignation and removal of the company's related persons including the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, company governance supervisor and R&D supervisor, etc: none.

4. CPA information:

Information on CPA Audit fees:

Unit: NT$1,000

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Remark
KPMG	HSU, YU-FENG KO, HUI-CHI	2022	3,000	451	3,451	451 assists with the application for tax offset and transfer pricing reports for repatriation of profits from mainland China.

Note: If our company changes accountants or accounting firms this year, we should list the auditing period separately, explain the reasons for the change in the notes column, and sequentially disclose the information on the audit and non-audit fees paid. Non-audit fees should also be noted with an explanation of the service content.

1. Non-audit fees paid to the certifying accountant, the firm to which the certifying accountant belongs, and its related enterprises account for more than 25% of audit fees: The non-audit fees paid to the certifying accountant, the firm to which the certifying accountant belongs, and its related enterprises in 2022 account for 13.07% of the audit fees.
2. Change of accounting firms and the audit fees paid in the year of change are less than those paid in the previous year: The audit fees paid in the year of change are the same as those paid in the year before the change.
3. If the audit fees are reduced by more than 15% compared to the previous year, the reduction amount, percentage, and reasons should be disclosed: N/A.

5. Information on changing CPA:

In response to the company's long-term strategic development and internal management needs, the company intends to change the accounting firm certifying the financial statements from 'Deloitte & Touch' to 'KPMG' starting from the first quarter of 2022, and the CPA will change from CHAO, YONG-XIANG and ZHENG, CHIN-TSON to HSU, YU-FEN and KO, HUI-CH.

1. About the Former Auditor

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on March 24, 2022,</td></tr>
<tr><td>Reason and Explanation for the Change</td><td colspan="4">In response to the long-term strategic development and internal management needs of the Company.</td></tr>
<tr><td rowspan="3">Explanation of termination or non-acceptance of appointment by the appointer or accountant</td><td colspan="2">Party
Situation</td><td>Accountant</td><td>Appointor</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 for audit reports issued in the past two years other than unqualified opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Whether there are disagreements with the issuer</td><td rowspan="5">Y</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">Scope or procedures of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
</table>

Other disclosures (Disclosure required under Subparagraph 4 to 7 of Paragraph 1 of Article 10 of this standard)	None

2. Regarding the succeeding accountant

Name of the firm	KPMG
Name of the cpa	HSU, YU-FENG
Date of appointment	Approved by the Board of Directors on March 24, 2022,
Consultation on specific transaction accounting treatment or accounting principles and results before appointment and opinions that can be issued on financial reports	None
Written opinion of the successor accountant on disagreements with the predecessor accountant	None

Name of the firm	KPMG
Name of the cpa	KO, HUI-CHI
Date of appointment	Approved by the Board of Directors on March 24, 2022,
Consultation on specific transaction accounting treatment or accounting principles and results before appointment and opinions that can be issued on financial reports	None
Written opinion of the successor accountant on disagreements with the predecessor accountant	None

3. The reply from the former accountant on the 3 items in Article 10, Paragraph 6,

Subparagraphs 1 and 2 of this Standard: None.

6.The company's chairman, general manager, manager in charge of finance or accounting affairs, who have worked in the accounting firm or its related companies of the signing accountant in the past year: None.

7. Evaluation of CPA's Independence

The company's audit committee regularly evaluates the independence of the signing accountant through the following matters and reports the results of the evaluation to the board of directors:

1. Declaration of the accountant's independence.

2. The audit or non-audit services provided by the accountant all require prior review by the audit committee to ensure that non-audit services do not affect the results of the audit.

3. The same accountant has not continuously performed signing services for more than five years.

4. The annual assessment of the accountant's independence is compiled through an accountant's suitability questionnaire.

8. Any transfer of equity interests and pledge and change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent:

1. Changes in the shareholding of directors, managers, and major shareholders

Title	Name	2022		As of May 2, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	HONGLIN INVESTMENT CO.	0	0	0	0
	Honglin Investment Co., Ltd. Rep: LIN CHEN, YA-ZI	0	0	0	0
Director	HONGLIN INVESTMENT CO.	0	0	0	0
	Honglin Investment Co., Ltd. Rep: LIN, SHENG-ZHI	0	0	0	0
Director	HONGLIN INVESTMENT CO.	0	0	0	0
	Honglin Investment Co., Ltd. Rep: LIN, PEI-JIA	(326,000)	0	0	0
Director	HONGLIN INVESTMENT CO.	0	0	0	0
	Honglin Investment Co., Ltd. Rep: CHEN, YI-FENG	0	0	0	0
Independent Director	YANG, ZHI-LUN	0	0	0	0
Independent Director	LIN, SHENG-SHENG	0	0	0	0
Independent Director	HUANG, LI-TING	0	0	0	0
President	LIN, SHENG-ZHI	0	0	0	0
Vice President	CHEN, YI-FENG	0	0	0	0
Associate Manager	TU, YU-LIN	0	0	0	0
Associate Manager	ZHAN, ZHENG-WEI	0	0	0	0
Associate Manager	ZENG, ZHI-CHENG	0	0	0	0
Associate Manager	PAN, BING-YUE	0	0	0	0
Associate Manager	LIN, WEN-LING	0	0	0	0
Associate Manager	CHEN, WEN-BIN	0	0	0	0
Associate Manager	LIN, ZENG-XIN	0	0	0	0
Major shareholder	HONGLIN INVESTMENT CO.	0	0	0	0

Note: CHEN, YI-FENG will retire due to reaching the retirement age on March 31, 2022.

2. Share Transfer Information (Non-market Trading): None

3. Pledge of Shares Information: None

9. Shareholding proportion of the top ten shareholders, their relationships with each other or spouses, or information on the relationship within the second degree of kinship

Related Party Information among the Top Ten Shareholders by Shareholding Percentage

May 2, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Honglin Investment Co., Ltd.	43,263,015	23.56	0	0	0	0	LIN, SHENG-ZHI	Responsible person	
Rep: LIN, SHENG-ZHI	6,483,205	3.53	0	0	0	0	LIN, YU-WEN LIN, PEI-JIA Honglin Investment Co., Ltd. LIN, XIU-RONG、LIN, YU-ZHEN	Father-son Brothers Responsible person Brother-sister	
LIN, YU-WEN	15,496,873	8.44	2,587,412	1.41	0	0	LIN CHEN, YA-ZI LIN, SHENG-ZHI、LIN, PEI-JIA LIN, XIU-RONG、LIN, YU-ZHEN	Spouse Father-son Father-daughter	
LIN, PEI-JIA	6,583,205	3.59	593,308	0.32	0	0	LIN, YU-WEN LIN, SHENG-ZHI LIN, XIU-RONG、LIN, YU-ZHEN	Father-son Brothers Sister-brother	
LIN, SHENG-ZHI	6,483,205	3.53	0	0	0	0	LIN, YU-WEN LIN, PEI-JIA Honglin Investment Co., Ltd. LIN, XIU-RONG、LIN, YU-ZHEN	Father-son Brothers Responsible person Brother-sister	
LIN, XIU-RONG	4,057,319	2.21	0	0	0	0	LIN, YU-WEN LIN, SHENG-ZHI LIN, PEI-JIA LIN, YU-ZHEN	Father-daughter Brother-sister Sister-brother Sisters	
LIN, YU-ZHEN	2,981,803	1.62	0	0	0	0	LIN, YU-WEN LIN, XIU-RONG LIN, SHENG-ZHI LIN, PEI-JIA	Father-daughter Sisters Brother-sister Sister-brother	
LIN CHEN, YA-ZI	2,587,412	1.41	15,496,873	8.44	0	0	LIN, YU-WEN LIN, SHENG-ZHI、LIN, PEI-JIALIN, XIU-RONG、LIN, YU-ZHEN	Spouse Mother-son Mother-daughter	

YANG, ZHI-CHENG	2,505,000	1.36	0	0	0	0	None	None	
JIAN, ZHI-PENG	2,055,000	1.12	0	0	0	0	None	None	
ZHANG, SHU-YI	2,000,000	1.09	0	0	0	0	None	None	

10. The combined shareholding ratio of the Company, its directors, managers, and businesses directly or indirectly controlled by the Company to the same investee company:

Unit: Share; %

Investee Business (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Enterprises		Combined Investment	
	Shares	%	Shares	%	Shares	%
SIRUBA America Co.	300	100.00	0	0.00	300	100.00
SIRUBA Singapore Investment Co.	2,000,000	100.00	0	0.00	2,000,000	100.00
SIRUBA Vietnam Co.	-	100.00	-	0.00	-	100.00

Note 1: Long-term investment of the Company.

IV. Capital Overview
1. Capital and Shares
(1) Source of Capital:

Unit: NT$1,000/Shares

Date	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (in thousand dollars)	Capital Increased by Assets Other than Cash	Others
54.10	10	24,000	240,000	24,000	240,000	Cash 240,000	None	1965.10.5 (54) JIAN SAN ZI No.53805
60.05	10	50,000	500,000	50,000	500,000	Cash Capital Increase 260,000	None	1971.5.18 (60) JIAN-YI-ZI No.65206
65.06	10	100,000	1,000,000	100,000	1,000,000	Cash Capital Increase 500,000	None	1976.6.1 (65) JIAN-YI-ZI No.87003
66.05	10	600,000	6,000,000	600,000	6,000,000	Cash Capital Increase 5,000,000	None	1977.5.24 (66) JIAN-YI-ZI No.80558
69.12	10	1,600,000	16,000,000	1,600,000	16,000,000	Cash Capital Increase 10,000,000	None	1980.12.24 (69) JIAN-YI-ZI No.107406
72.11	10	3,600,000	36,000,000	3,600,000	36,000,000	Cash Capital Increase 20,000,000	None	1983.11.3 JING (72) SHANG-ZI No.44235
77.04	10	7,100,000	71,000,000	7,100,000	71,000,000	Cash Capital Increase 35,000,000	None	1988.4.6 JING (77) SHANG-ZI No.09054
78.10	10	12,100,000	121,000,000	12,100,000	121,000,000	Cash Capital Increase 50,000,000	None	1989.10.20 JING (78) SHANG-ZI No.129392
78.12	10	19,900,000	199,000,000	19,900,000	199,000,000	Cash Capital Increase 78,000,000	None	1989.12.15 JING (78) SHANG-ZI No.135596
86.09	10	39,800,000	398,000,000	39,800,000	398,000,000	Surplus Capitalization 199,000,000	None	1997.12.18 JING (86) SHANG-ZI No.125507
86.11	10	48,800,000	488,000,000	48,800,000	488,000,000	Cash Capital Increase 90,000,000	None	1997.12.18 JING (86) SHANG-ZI No.125507
86.11	10	67,800,000	678,000,000	67,800,000	678,000,000	Consolidateion 190,000,000	None	1997.12.18 JING (86) SHANG-ZI No.125507
87.09	10	77,970,000	779,700,000	77,970,000	779,700,000	Surplus Capitalization 101,700,000	None	1998.12.10 JING (87) SHANG-ZI No.135526
88.08	10	140,346,000	1,403,460,000	93,564,000	935,640,000	Surplus Capitalization 155,940,000	None	1999.9.20 JING (088) SHANG-ZI No.134712
89.09	10	140,346,000	1,403,460,000	108,412,224	1,084,122,240	Surplus Capitalization 148,482,240	None	2000.9.20 JING (088) SHANG-ZI No.134712
90.09	10	178,600,000	1,786,000,000	119,912,106	1,199,121,060	Surplus Capitalization 114,998,820	None	2004.9.20 JING (090) SHANG-ZI No.09001375300
93.07	10	178,600,000	1,786,000,000	138,789,764	1,387,897,640	Surplus Capitalization 188,776,580	None	2004.9.20 JING-SHOU-SHANG-ZI No.09301178810
94.09	10	178,600,000	1,786,000,000	146,044,324	1,460,443,240	Surplus Capitalization 72,545,600	None	2005.9.30 JING-SHOU-SHANG-ZI No.09401193950
95.09	10	178,600,000	1,786,000,000	169,495,565	1,694,955,650	Surplus Capitalization 234,512,410	None	JING-SHOU-SHANG-ZI No.09501215690
97.10	10	200,000,000	2,000,000,000	193,151,080	1,931,510,800	Surplus Capitalization 236,555,150	None	2008.10.9 JING-SHOU-SHANG-ZI No.09701253370

Date	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (in thousand dollars)	Capital Increased by Assets Other than Cash	Others
107.05	10	200,000,000	2,000,000,000	185,008,080	1,850,080,800	Cancellation of Treasury Stocks for Capital Reduction -81,430,000	None	2018.5.23 JING-SHOU-SHANG-ZI No.10701051870
109.08	10	200,000,000	2,000,000,000	183,608,080	1,836,080,800	Cancellation of Treasury Stocks for Capital Reduction-14,000,000	None	2020.8.4 JING-SHOU-SHANG-ZI No.10901126920

Share Type:

Unit: Share May 2, 2023

Share Type	Authorized Capital			Remarks
	Outstanding Shares (Listed)	Unissued Shares	Total	
Common Stocks	183,608,080 shares	16,391,920 shares	200,000,000 shares	

(2) Structure of Shareholders

May 2, 2023

Shareholder Structure / Quantity	Treasury Stock	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	2	14	12,598	52	12,667
Shareholding	1,500,000	0	61,000	43,768,019	133,917,536	4,361,525	183,608,080
Percentage	0.82%	0%	0.03%	23.84%	72.94%	2.37%	100.00%
Note: No Mainland China shareholders.							

(3) Distribution of Common Share Ownership

May 2, 2023

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1-999	6,968	1,211,035	0.66
1,000-5,000	3,884	8,200,046	4.47
5,001-10,000	732	5,887,630	3.21
10,001-15,000	241	3,075,611	1.68
15,001-20,000	185	3,464,017	1.89
20,001-30,000	183	4,711,016	2.57
30,001-40,000	104	3,772,560	2.05
40,001-50,000	63	2,977,242	1.62
50,001-100,000	158	11,200,336	6.10

100,001-200,000	81	12,154,750	6.62
200,001-400,000	26	7,200,375	3.92
400,001-600,000	13	6,739,844	3.67
600,001-800,000	3	2,259,000	1.23
800,001-1,000,000	1	832,289	0.45
1,000,001 or more	25	109,922,329	59.86
Total	12,667	183,608,080	100.00

Note: Face value per share : $10

(4) Distribution of Preferred Share Ownership: None.

(5) List of Major Shareholders

Record Date for Share Transfer: May 2, 2023

Major Shareholder's Name \ Shares	Shareholding	Percentage
Honglin Investment Co., Ltd.	43,263,015	23.56
Rep: LIN, SHENG-ZHI	6,483,205	3.53
LIN, YU-WEN	15,496,873	8.44
LIN, PEI-JIA	6,583,205	3.59
LIN, SHENG-ZHI	6,483,205	3.53
LIN, XIU-RONG	4,057,319	2.21
LIN, YU-ZHEN	2,981,803	1.62
LIN CHEN, YA-ZI	2,587,412	1.41
YANG, ZHI-CHENG	2,505,000	1.36
JIAN, ZHI-PENG	2,055,000	1.12
ZHANG, SHU-YI	2,000,000	1.09

(6) The market price, net asset value, earnings, dividends per share, and related information for the past two years:

Unit: NT$

Item \ Year			2021	2022	As of March 31, 2023
Market Price per Share (Note 1)	Highest Market Price		17.70	16.40	14.75
	Lowest Market Price		11.15	12.80	13.70
	Average Market Price		15.07	14.64	14.25
Net Worth per Share (Note 2)	Before Distribution		19.87	20.38	20.25
	After Distribution		19.67	Not yet allocated	N/A
Earnings per Share	Weighted Average Shares (in thousand)		183,608,080 shares	183,608,080 shares	183,608,080 shares
	Earnings per Share (Note 3)		0.94	1.02	-0.14
Dividends per Share	Cash Dividends		0.70	0.80	N/A
	Stock Dividends	Dividends from	-	-	N/A
		Dividends from Capital Surplus	-	-	N/A
	Accumulated Undistributed		-	-	N/A
Return on Investment	Price/Earnings Ratio (Note 5)		16.03	14.35	N/A
	Price/Dividend Ratio (Note 6)		21.53	18.30	N/A
	Cash Dividend Yield Rate (Note 7)		4.64%	5.46%	N/A

*If the capital is increased by transferring earnings or capital reserves, the adjusted market price and cash dividend information according to the number of issued shares should be disclosed.

Note 1: The highest and lowest market prices of ordinary shares for each year are listed, and the average market prices for each year are calculated based on the transaction value and volume of each year.

Note 2: Please fill in the form based on the number of shares issued at the end of the year and the distribution decided by the board of directors or the shareholder's meeting of the following year.

Note 3: If there are situations where adjustments need to be made retrospectively due to free distribution of shares, etc., the earnings per share before and after adjustment should be listed.

Note 4: If the terms of equity securities issuance stipulate that dividends not distributed in the current year can be accumulated to the profitable year, the cumulative unpaid dividends up to the current year should be disclosed separately.

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

Note 6: Price-to-dividend ratio = Average closing price per share for the current year / Cash dividend per share.

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

Note 8: Net value per share, earnings per share should be filled in with the latest quarter's data audited (reviewed) by the accountant as of the date of the annual report printing; the other columns should be filled in with the current year's data as of the date of the annual report printing.

(7) Company's Dividend Policy and Implementation Status:

1. Dividend policy as stipulated in the company's articles of incorporation

If the company has a profit in the annual final accounts, it should first pay taxes and make up for losses, then provide 10% as the legal profit reserve, but if the accumulated legal profit reserve has reached the company's capital, it is not limited to this. After providing or reversing the special profit reserve in accordance with the regulations of the law, if there is still profit, the remaining amount will be added to the undistributed profit of previous years, and the distribution proposal will be prepared by the board of directors and submitted to the shareholders' meeting for a resolution to distribute shareholder dividends or retain it.

The company's dividend policy is to respond to the growth characteristics of the overall industry, cooperate with the company's long-term financial planning, seek sustainable operation, and take into account shareholder interests. The profit distribution plan for the fiscal year 2022 of the company proposes to allocate NT$145,686,464 in cash dividends to shareholders from the profits, distributing NT$0.8 per share. After the resolution of the shareholders' meeting, the board of directors is authorized to set the dividend base date. The shareholder dividend proposed by this shareholders' meeting accounts for 78.13% of the profit for the fiscal year 2022.

2. The proposed dividend distribution situation for this shareholders' meeting is as follows in the Profit Distribution Table for the Fiscal Year 2022:

KAULIN MFG. CO., LTD.

2022 Earnings Distribution Table

Unit: NT$

Undistributed Earnings at the Beginning of the Period		$ 773,588,515
Plus (Minus):		
Recognition of remeasurement of defined benefit plans in retained earnings	(942,605)	
Net profit after tax for the period	186,461,195	185,518,590
Available Earnings for Distribution		959,107,105
Plus (Minus):		
Allocation to legal reserve (10%)	(18,551,859)	
Reversal of special reserve according to law	36,744,780	18,192,921
Earnings Available for Distribution in the Current Period		977,300,026
Distribution Items		
Shareholder dividends (cash dividend of 0.80 per share)	(145,686,464)	(145,686,464)
Undistributed Earnings at the End of the Period		$ 831,613,562

3. If there is a significant change in the expected dividend policy, it should be explained: No.

(8) The impact of the proposed free distribution of shares at this shareholders' meeting on the company's operating performance,

earnings per share, and return on shareholder investment: The proposal at this shareholder's meeting is to distribute cash in full, and there is no free distribution of shares, so it is not applicable.

(9) Employee and Director Compensation

1. Relevant information about employee, director, and supervisor compensation as provided in the company's articles of incorporation:
If the company makes a profit in a fiscal year, employee and director/supervisor compensation should be set aside as follows.
a. Employee compensation: between 2% and 8%. When allocating stock compensation for employees, it may include employees of affiliated companies under certain conditions, which are set by the board of directors.
b. Director/Supervisor compensation: not exceeding 3%.
The distribution of compensation for employees and directors must be resolved by the board of directors with a quorum of over two-thirds and a majority vote of the directors present. The distribution of employee compensation is then reported to the shareholder's meeting.
However, if the company still has accumulated losses, a reserve amount should be set aside in advance.
If the company has a surplus in the annual final accounts, taxes should be paid first, accumulated losses offset, then 10% set aside as a statutory surplus reserve. The rest, besides dividends, if there are still profits, the shareholders' meeting will decide to distribute shareholder bonuses.

2. The basis for estimating the amount of compensation for employees, directors, and supervisors for the current period, the basis for calculating the number of shares for employee compensation, and the accounting treatment when the actual distribution amount differs from the estimated amount: No compensation was provided for employees, directors, and supervisors this year due to losses.

3. The board of directors approves the distribution of compensation:
(1) The amount of compensation for employees, directors, and supervisors: If there is a difference from the estimated amount of recognized expenses for the fiscal year, disclose the difference, reasons, and handling situation: No difference.

Distribution Items	Amount (NT$)
Employee stock compensatio	0
Employee cash compensation	8,433,629
Director remuneration	3,614,413

(2) The proposed distribution of employee stock compensation as a percentage of the total amount of net profit after tax and total employee compensation for the current period: The compensation for employees and directors for this year is based on the pre-tax net profit of the 2022 fiscal year, deducting employee compensation and director compensation, with 3.5% set aside for employee compensation and 1.5% set aside for director compensation. However, if there is a difference between the actual distribution amount approved by the subsequent shareholders' meeting and the estimated amount, it will be listed as an adjustment item for the profit and loss of the year the shareholders' meeting was convened.

4. Actual distribution of compensation for employees and directors last year: (Unit: NT$)

Item	Director remuneration	Employee cash compensation
Amount approved by the Board of Directors on March 24, 2022	3,248,995	7,580,987
Accrual in the 2021 financial statements	3,248,995	7,580,987
Difference	0	0
Reasons and explanations for the difference	None	

(10) The situation of the company buying back its own shares:

(1) The company's buyback of its own shares (already completed)

Buyback Period	The third time
Purpose of Buyback	Transfer of shares to employees
Buyback Period	2021/03/26~2021/05/20
Interval price of repurchase	13.00-19.00
Type and number of shares bought back	Transfer of shares to employees 1,500,000 shares
Amount of shares bought back	24,058,838
Number of shares repurchased as a percentage of the number of repurchases scheduled (%)	50.00%
Number of shares cancelled and transferred	0 shares
Cumulative number of shares held by the Company	1,500,000 shares
The cumulative number of shares held by the Company as a percentage of total issued shares (%)	0.82%

2. Corporate bond handling situation: None

3. Special share handling situation: None

4. Overseas depositary receipt handling situation: None

5. Employee stock ownership certificate handling situation: None

6. Restricted employee rights share handling situation: None

7. Merger or acquisition of other company shares issuance of new shares situation: None

8. Implementation of the capital utilization plan: None

V. Operations Overview

1. Business Activities

(1) Business Scope

1. Main Content of Business Operations
   (1) Manufacturing, assembly, and trading of various sewing machines and their components.
   (2) Milling product casting, processing, and trading.
   (3) Surface treatment, painting, and baking of various metal products.
   (4) Manufacturing, assembly, and trading of various transportation equipment and machinery parts.
   (5) Casting, processing, and trading of sewing machine parts.
   (6) Distribution of products from domestic and foreign manufacturers.
   (7) Import and export trading of the aforementioned products.
   (8) In addition to licensed operations, engaging in business activities not prohibited or restricted by laws and regulations.

2. Current Products and Business Proportions (Consolidated)

Product Name	Business Proportion for 2022
Thin-type vehicles	72%
Thick-type vehicles and component products	28%
Total (Note)	100%

Note: Percentage of net sales for the entire year

3. Current Products and Services

Our company manufactures and sells various types of industrial sewing machines such as cover stitch machines, three-needle machines, portable and various multi-needle circular sewing machines. In addition to fully meeting the needs of the domestic market, we also export to various places around the world. To help domestic and foreign dealers have a full understanding of the functions of our products and master various troubleshooting and repair techniques, we provide technical services and product training courses to domestic and foreign dealers regularly each year, increasing their sales and product maintenance capabilities. We also frequently hold product briefings and technical seminars for dealers and customers at home and abroad, and actively visit global users, creating a reputation for worry-free, reassuring, value-added services.

4. New Products
   (1)Research and development of a new generation of fully functional mechatronic sewing machines with micro-oil technology that can prevent lubricating oil leakage and dust from falling into the needle bar and hook of the sewing machine. At the same time, it can control the amount of oil leakage to maintain good lubrication conditions for the friction parts during operation, reduce the problem of oil pollution in sewing products, significantly improve the quality of sewing products and extend the life of sewing machines.
   (2)Develop cover stitch machines, three-needle machines and stepping integrated machine models. Through the stepping automatic thread cutting/lifting foot structure, the machine model has higher accuracy and consistency, improves the quality of sewing, and the thread cutting/lifting foot action is quieter.
   (3)Develop the SiRUBA SMS system that integrates production line management, equipment management, real-time production progress charting, production statistics and equipment integration. Through the monitoring dashboard of the SMS production management system, you can obtain production data and data

analysis results of each production line; and by real-time monitoring of various equipment statuses on the production line, you can find and help garment factories solve problems on the production line in time.

(4)Develop a special servo motor electronic control system for sewing machines, and introduce green design and IOT functions to provide customers with environmentally friendly and energy-saving products, highly integrated electromechanical and convenient intelligent networking.

The company is committed to researching semi-automatic and fully automatic equipment and accessories related to the sewing of knitted/sports leisure/denim fabrics, developing "mechatronic integration" and "sewing automation" technologies, developing various automatic and semi-automatic sewing equipment, and constructing a more complete and high-quality industrial sewing machine product line for operators to strengthen market competitiveness.

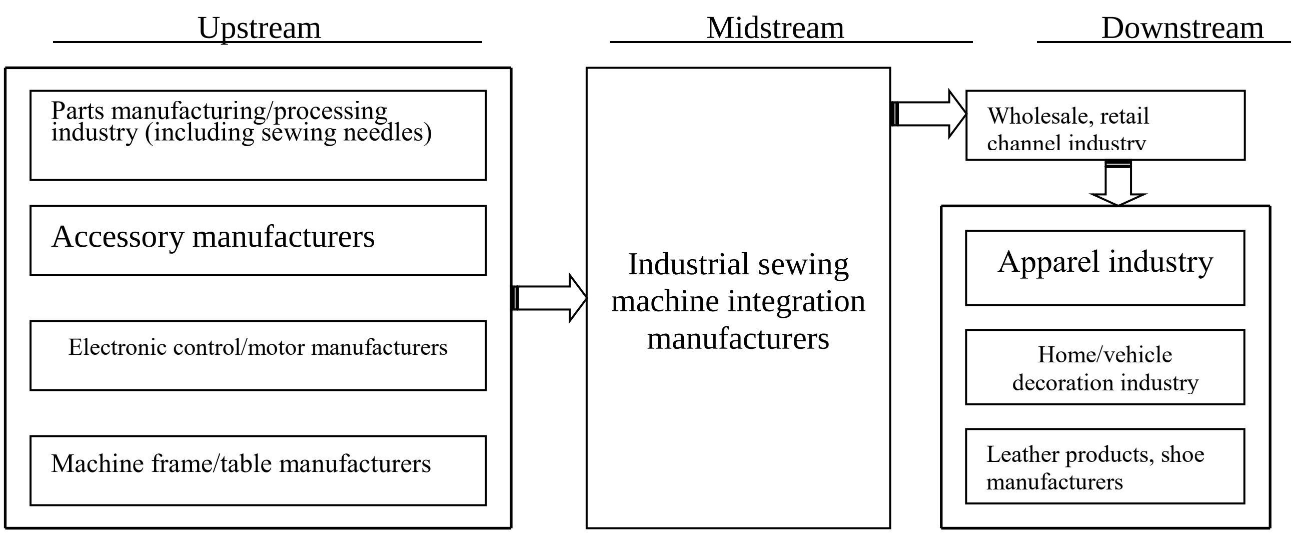
Establish a digitized/intelligent SMS production management system for garment factories. The SMS system platform provides data collection and data analysis functions. Through personnel production efficiency analysis, equipment operating rate and digital production history information, it serves as a key technology and quality management application for garment factories to transform into smart manufacturing factories.

(2) Industry Overview

1. In the past, countries that were market leaders in the manufacture of industrial sewing machines, such as the United States, Germany, and Italy, have gradually lost their competitive advantages due to increased production costs. Due to our company's continuous investment in R&D manpower and funds, the development of high-end new products, and under strict quality and cost control, we have expanded the variety of products, continuously improved product competitiveness, and have been internationally recognized. Our products have been regarded as major competitors of Japanese and German products. Currently, 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 outlets and the strengthening of product marketing strategies, it is expected that the market share will further increase. While establishing a good company image, it has become a well-known global brand in the industry.

2. Interrelationships of Upstream, Midstream, and Downstream in the Industry

The interrelationships of the upstream, midstream, and downstream in the industrial sewing machine industry are illustrated as follows:



3. Trends in Product Development

To satisfy customer needs, diversification and practicality of the product must both increase to ensure market share; and while increasing production, manufacturing costs must be reduced to be competitive; the development of new models is still the future goal. In response to the diversification of sewing types, fabrics, accessories, and thread characteristics vary in thickness, other functional machine types need to be developed to meet customer needs, hence in recent years the launch of electronic control industrial sewing machines and the self-production of motor electronic controls.

Electronic control industrial sewing machines will improve independent design capabilities, accumulate design techniques and human resources, and avoid bottlenecks in obtaining foreign technology; effectively using the division of labor across the strait can reduce production costs, increase product automation levels and added value, and save energy and labor benefits. We believe it will perform well in the world market sales competition.

The Company was established in 1965, has been over 50 years since its establishment, always adhering to the company's belief of "honesty, professionalism, innovation". Over the years, the products have been marketed domestically and abroad, and have been well received, trusted, and loved by customers. Currently, it is the largest manufacturer of industrial sewing machines in the country, and its products have won national quality awards, Taiwan Excellence Brand Awards issued by TAITRA, and Taiwan's Top 100 Brand Awards. The company will keep up with the times, actively develop new products, meet customer needs, and enhance the company's reputation and image.

4. Competitive

The demand for professional technology has gradually shifted to a price-first demand type, resulting in fierce price competition in the industry. The past competition was against imported brands and mainland domestic brands, but now, due to the high homogeneity of products and marketing models, competition is mostly based on price and credit terms. In view of this change, we made a strategic alliance with JUKI in 2011, focusing on the professional enhancement of R&D and mass production technology, and simultaneously strengthened pre-sale, in-sale, and after-sales services for global customers, to face industry competition pressure with a value-added business model. In addition, the expansion of channels and the integration of capabilities of parts and accessory dealers or other suppliers are also directions we are considering.

(3) Technical and R&D Overview

1. R&D expenditures in the last two years (consolidated)

Unit: NT$1,000

Year	R&D Expenditure	Percentage of total revenue
2021	43,786	1.49%
2022	45,465	1.84%
As of March 31, 2023	9,777	2.87%

2. Recent R&D Achievements in the Past Two Years

Year	R&D Achievements
2021	1. Mass production of 700LQ ECA/ECB full-featured mechatronic overlock machines. 2. Mass production of ASK-AMS101 overlock puff sleeve machines. 3. Mass production of DT828 mechatronic double-needle machines. 4. Mass production of F007K/S007K latest oil-resistant design. 5. Mass production of VC008B VUT/VAR multi-needle machine models. 6. LKS-1900D electronic overlock/button machine under development. 7. LBHS-1790D electronic lockstitch eyelet machine under development. 8. 700L BKF automatic thread wrapping overlock machine under development. 9. F007K FBQ triple needle machine model under development. 10. C007LX IPS/CAF machine model under development. 11. ST-400W/ST-600W servo motor control system under development. 12. Annual application for three patents and one new design related to sewing machines.
2022	1. Mass production of 700LQ VTE/CTE full-featured mechatronic overlock machines. 2. Mass production of 700L/BKF1 automatic thread wrapping overlock machines. 3. Mass production of C007LX/ICS/CAF triple needle machine with intelligent over-bone system. 4. Mass production of ST-600W triple needle machine with servo motor control system. 5. LBHS-1790L electronic lockstitch eyelet machine under development. 6. LKS-1900L/1903L electronic overlock/button machine under development. 7. 700LQT step full-featured mechatronic overlock machine model under development. 8. C007LQT step full-featured mechatronic triple needle machine model under development. 9. Research and development of overlock thread tension mechanical structure and control system. 10. Annual application for three patents and four new design patents related to sewing machines.

3. Future Research and Development Plans

(1) Direct Drive and Micro-Oiling Design: Direct drive can improve the efficiency and accuracy of sewing machines, and at the same time reduce the vibration and noise of the machine. Micro-oiling design allows the sewing machine to add a small amount of lubricating oil to reduce the friction and wear of the parts, while also reducing environmental pollution. This enhances the added value and brand image of the sewing machine.

(2) Green Design: Upholding the concept of sustainable enterprise development, we continue to promote green product design. Sewing machine green design includes material and production process considerations, aiming to reduce the environmental impact and improve product recyclability.

(3) Automated Design: Continuously investing in research on semi-automatic/full-automatic product design, allowing the sewing machine to automatically adjust

according to different sewing requirements, ensuring the consistency of product quality and sewing stability, providing customers with higher quality and more reliable sewing equipment.

(4) Development of SMS Production Management System: Through promoting intelligent and digital IOT sewing equipment, assisting manufacturers to establish digital production records; through the data sharing function of the SMS database, it enables garment factories to realize more digital production and quality management.

(5) ODM/OEM collaborative development design: Through alliances and cooperation with the same and different industries, product complementation/technical exchange/sales integration/market expansion can be widely applied to the production equipment needs of customers, providing diversified solutions.

(6) Development of a dedicated servo electric control system for sewing machines: Through the integration of the electric control system and the sewing machine, a high-efficiency, low-energy consumption, flexible adjustment interface equipped with IOT functions is provided, realizing intelligent, digital and step-by-step product development of sewing machines, thereby improving sewing production efficiency and product quality.

(4) Long and Short-Term Business Development Plans:

The future short, medium and long-term business development plans will be explained from two aspects, marketing strategy and product development direction.

Business Development	Short-term (2023) Plans	Medium to Long-term Plans
Marketing Strategy	1. Provide customers with comprehensive information, technology and value-added services. 2. Strengthen communication mechanisms upstream, midstream, and downstream in the market, continue to develop domestic, mainland and overseas markets, and expand market share. 3. Promote technical development and promote service and product application, and assist agents in deepening channels.	1. Strive to reduce production costs, assist downstream industry in enhancing competitiveness, and achieve the purpose of profit sharing. 2. Seek technical and market cooperation for automated equipment.
Product Development Direction	1. Continuously achieve goals of stable supply and product quality improvement. 2. Shorten the order-to-delivery cycle, enhance competitive advantages, and replace vicious price competition with enhanced service. 3. Product direct drive and mechatronics, and self-manufactured electronic control motors to increase product cost-effectiveness. 4. Increase automation and custom high-end models.	1. Seek partners to support new product development capabilities. 2. Improve product power and profitability with differentiation and relative cost advantage. 3. Meet customers' complete purchase needs in one-stop.

2. Market and Production Situation

(1) Market Analysis

This company has over fifty years of experience in the manufacturing and sales of industrial sewing machines. With its international expansion efforts, it satisfies the diverse needs for products and services from both domestic and foreign garment factories and distributors. Currently, the company is expanding its international distribution channels in Asia, the Americas, Africa, Europe, the Middle East, and other regions, with products sold in over 80 countries. In 2022, the domestic sales ratio was approximately 21%, while the foreign sales ratio was about 79%.

1. Market Share, Future Supply and Demand Situation, and Market Growth

The company has over fifty years of experience in the manufacturing and sales of industrial sewing machines. With its international expansion efforts, it satisfies the diverse needs for products and services from both domestic and foreign garment factories and distributors. Currently, the company is expanding its international distribution channels in Asia, the Americas, Africa, Europe, the Middle East, and other regions, with products sold in over 80 countries. In 2022, the domestic sales ratio was approximately 21%, while the foreign sales ratio was about 79%.

Market Share, Future Supply and Demand Situation, and Market Growth

The company is a large factory for industrial sewing machines, selling to over 80 countries worldwide under its own brand, SiRUBA. Looking at the group's sales, approximately 16% are in Latin America, 70% in Asia, and 14% in Europe, the Middle East, and Africa. The global average market share is about 2-3%. In 2022, the global production value of industrial sewing machines was about 4 billion USD, with a demand for about 8 million units. Emerging countries remain the main manufacturing bases for the garment industry and export to Europe and America. Therefore, our products are mainly sold in developing and emerging countries like China, India, Vietnam, Cambodia, and Latin America. However, the actual demand for garments still comes from developed countries in Europe and America.

2. Competitive Niches, Advantages and Disadvantages of Future Development, and Response Strategies

(1) Advantages:

a. Established in 1965, the company has more than 50 years of experience in manufacturing industrial sewing machines. As the largest domestic manufacturer of industrial sewing machines, we have complete control over design and production techniques.

b. Our own brand, "SiRUBA," markets multiple models and product series, coupled with overall sales, to actively open up the market.

c. With our market sales experience and efforts towards international expansion, we have established a comprehensive global marketing network covering over 80 countries and regions.

d. We actively update automated production equipment and improve production processes.

e. Our main goal is to increase the sewing functions of our products to meet customer needs. We improve existing shortcomings of market products, making our products cost-effective and globally competitive.

f. With economic development, improving living standards, and increasing world population, the garment industry is booming, and relevant market order opportunities are increasing.

g. We have obtained important quality certifications, such as ISO-9000, CE marking, national quality awards, and Taiwan Excellence Awards. Our brand

"SiRUBA" is well recognized in the international market and has established considerable fame.

h. We have established our own marketing logistics bases in all major market areas to accelerate supply and service, which will greatly help improve performance.

(2) Disadvantages and Response Strategies:

a. Major industrial sewing machine manufacturers around the world have invested or collaborated technologically in mainland China, leveraging low-cost raw materials and labor to enhance their competitive advantage, intensifying global market competition.
Response: Continue to strengthen R&D and develop efficient, high-quality, and diversified new products for market segmentation.

b. The R&D capabilities for critical components and technologies of collaborative manufacturers are still insufficient. There are shortages of labor and funding. New parts and new product quality and technical subcontracting cannot meet the demands of the central factory.
Response: Establish a supportive unit to assist and guide collaborative manufacturers in processing methods, route arrangements, quality control systems, detection methods education, production technologies, and R&D capability guidance, ensuring they align with the standards of the central factory.

c. Market competition is gradually transitioning from professional technical abilities to predominantly price wars. Besides technical requirements, customers are also extremely competitive regarding the price of products and components.
Response: Dedicate efforts to cost improvement and operation analysis, increase investments in automation equipment, with the aim to reduce costs and enhance competitiveness.

d. With its vast population and market, mainland China has a huge demand for basic industries such as textiles and ready-made garments. Foreign investment and technical cooperation have greatly enhanced its production and manufacturing capabilities, using low-cost raw materials and labor costs as competitive advantages.
Response: Through our subsidiary, Singapore's Happy Castle Investment Company, we have invested in Ningbo Gao Lin Silver Arrow Electromechanical Co., Ltd. We leverage advanced R&D, production techniques, and operational models to further increase our global market share.

e. The rise of mainland brands, due to their gradually improving quality, also increases their market share.
Response: Appeal to the quality of Japanese brands, strengthen technical support and new product development, appeal to the best cost-performance choice to counter the low price invasion f Response rom mainland brands.

f. The costs of raw materials and fuel are increasing, but the price increase is relatively low.
Response: Strengthen automation in production equipment, improve production efficiency, and reduce average manufacturing costs.

(2) Prospects and Forecasts for 2023:

The global economic growth in 2023, compared with 2022, whether the sales momentum can be as strong as in 2022 will depend on the recovery of the European market after the Russo-Ukrainian war, and when the destocking trend in other markets can end.

For countries such as Indonesia, Vietnam, Cambodia, India, Pakistan, Bangladesh in Southeast Asia, and South Asia, where wages are relatively low and foreign investment is concentrated, we will enhance marketing activities, channel management, and technical services to increase market share and stimulate sales growth. Also, for countries in Africa and the Middle East, the market demand is expected to remain stable compared to last year. Overall, for the 2023 market, it is anticipated that recovery will gradually take place in the second half of the year, achieving the performance target.

(3) Important Use and Production Process of Major Products

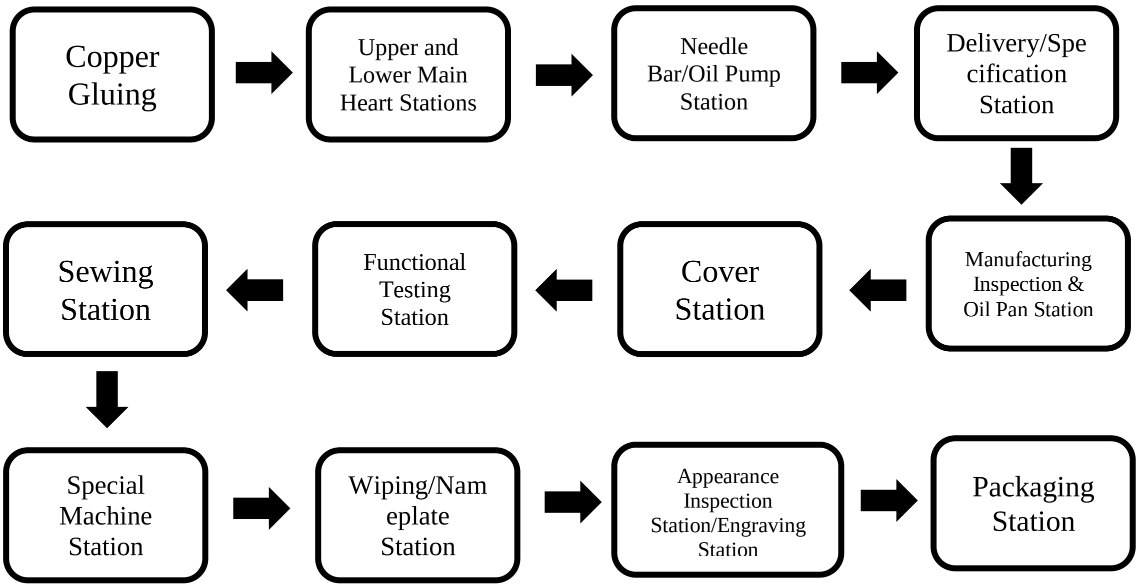
1. Important Uses

Main Products	Applications
Hand-held bag sewing machine	Suitable for various bag materials such as paper bags, hemp bags, flour bags, plastic bags, sandbags, etc.
Ultra-high-speed straight needle overlock sewing machine (commonly known as overlock machine)	Suitable for a variety of cloth types for garment edging and stitching, and auxiliary mechanisms can be added to achieve various special sewing functions such as hemming, thread wrapping, folding scenes, shoulder straps, elastic band stitching, cloth strip edging, bag edging, etc.
Multi-needle chain stitch machine (commonly known as three-needle machine)	Suitable for various sports suits, underwear, casual clothes, etc., cuffs, trouser tubes, waist elastic bands for stitching and lace decoration sewing.
Multi-needle double chain stitch cylinder machine (commonly known as four-needle/twelve-needle machine)	Suitable for stitching and decorative sewing such as pants head elastic band or shirt pleated lines.
Single-needle flat seaming machine	Suitable for general thin to thick fabric sewing.
Buttonhole buttonholing machine	Suitable for general clothing buttonholes and button sewing.
Double-needle flat seaming machine	Suitable for all kinds of pocket sewing.
Four-needle six-thread machine	Suitable for seaming of light and stretchable fabrics.
Automated comprehensive machine	Applicable to various special operation requirements for automated labor-saving machines.
Various machine attachments	Applicable for various special operation requirements.
Household sewing machine	Applicable for sewing various delicate patterns or general sewing.

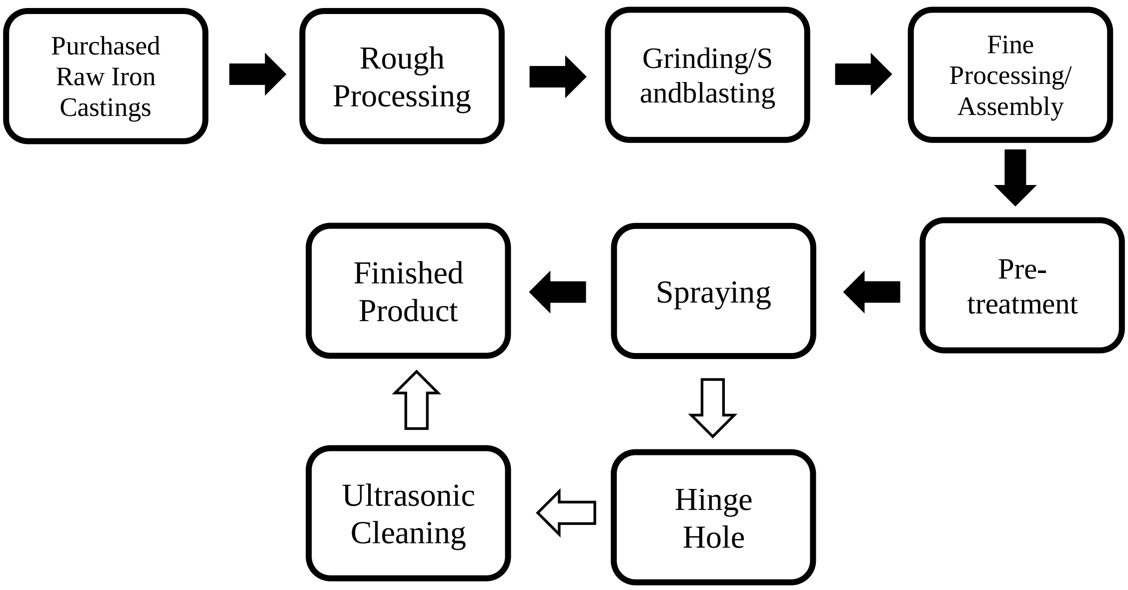
2. Manufacturing Process

1.1.1 Main Processes:

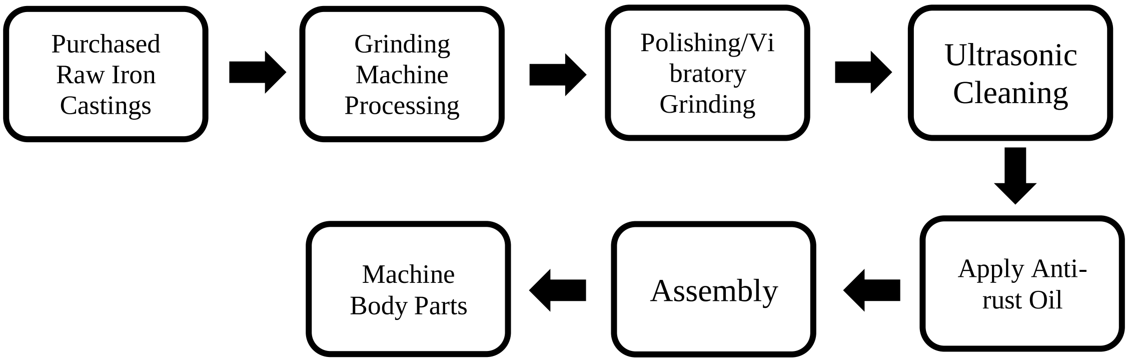
(1) Assembly process



(2) Machining process



(3) Component processing process



(4) Supply Status of Main Raw Materials

Main Raw Materials	Supplier Sources	Supply Situation
Motors, control boxes	HS Company, SPL Company	1. Our company purchases from domestic and foreign manufacturers through contracts and ready stock to ensure good quality of raw materials, sufficient supply, considering both cost and stability. 2. We maintain more than two manufacturers for each major raw material to spread risk and ensure stable supply. 3. Local supply to ensure timely supply and preparation of materials.
Machine body	GC Company, WL Company, etc.	
Bearings	YH Company, DLT Company	
Cover plate, connecting rod	HNL Company, JD Company, etc.	
Accessory box	WE Company, CU Company	
Oil pan	WN Company, JL Company	

(5) Customers who accounted for more than 10% of the total sales (purchases) in any of the past two years and reasons for the increase or decrease:

(1) Major supplier information (consolidated) in the last two years

Unit: NT$1,000

	2021				2022				As of the end of the previous quarter in 2023 (Note 2)			
Item	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer
1	BY Company	254,116	11	None	BY Company	227,150	14	None	BY Company	37,881	21	None
2	Other	2,122,305	89	None	Other	1,442,536	86	None	Other	138,566	79	None
	Net Purchase Amount	2,376,421	100		Net Purchase Amount	1,669,685	100		Net Purchase Amount	176,447	100	

Note 1: List the name of the supplier and the amount and proportion of goods purchased in the last two years which is over ten percent of the total purchase amount. However, if the contract stipulates that the supplier's name cannot be disclosed or the trading party is a non-related individual, it may be denoted by a code.
Note 2: As of the print date of the annual report, companies that are listed or whose stocks have been traded in securities firms should disclose any recent financial data audited or reviewed by accountants.

(2) Major sales customer data (consolidated) in the last two years

Unit: NT$1,000

	2021				2022				As of the end of the previous quarter in 2023 (Note 2)			
Item	Name	Amount	Percentage of full year net sales amount (%)	Relation with issuer	Name	Amount	Percentage of full year net sales amount (%)	Relation with issuer	Name	Amount	Percentage of full year net sales amount (%)	Relation with issuer
1	A	569,873	19	None	A	503,234	20	None	B	73,880	22	None
2	B	526,554	18	None	B	322,471	13	None	C	49,347	14	None
3	Other	1,850,571	70	None	Other	1,645,351	67	None	Other	217,676	64	None
	Net Sales Amount	2,946,998	100		Net Sales Amount	2,471,056	100		Net Sales Amount	340,903	100	

Note 1: List the names of customers and the amount and proportion of sales in the last two years which is over ten percent of the total sales amount. However, if the contract stipulates that the customer's name cannot be disclosed or the trading party is a non-related individual, it may be denoted by a code.
Note 2: As of the print date of the annual report, companies that are listed or whose stocks have been traded in securities firms should disclose any recent financial data audited or reviewed by accountants.

(3) Reasons for changes in major purchasing manufacturers (consolidated): none

(4) Reasons for changes in major sales customers (consolidated):

Unit: NT$1,000

Customer	2021	2022		Increase (Decrease) Changes	
	Amount	Amount	% (Note)	Amount	Reason
A	569,873	569,873	503,234	20%	(66,639)	In 2021, the market was affected by the COVID-19 pandemic, resulting in a rebound in market conditions. In 2022, the situation gradually returned to normal.
B	526,554	526,554	322,471	13%	(204,083)	In 2021, the market was affected by the COVID-19 pandemic, resulting in a rebound in market conditions. In 2022, the situation gradually returned to normal.

Note: Percentage of total net sales for the year.

(6) Production Volume Values in the Past Two Years (Consolidated)

Units: Pcs, Values: thousands of New Taiwan Dollars

Year and Production Volume Values / Main Products	2021			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Thin-type vehicles	300,000	177,044	2,783,118	300,000	125,854	2,470,065
Total	300,000	177,044	2,783,118	300,000	125,854	2,470,065

(7) Sales Volume Values in the Past Two Years (Consolidated)

Units: Pcs, Values: thousands of New Taiwan Dollars

Year and Sales Volume Values / Main Products	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Thin-type vehicles	2,592	47,662	140,561	2,159,170	1,462	29,927	104,710	1,741,183
Thick-type vehicles and component products	0	20,830	0	719,336	0	25,061	0	674,885
Total	2,592	68,492	140,561	2,878,506	1,462	54,988	104,710	2,416,068

3. Employees (Consolidated)

Employee data in the past two years and as of the date of the annual report printing

Year			2021	2022	As of March 31, 2023
Number of employees	Initial number of employees		636	829	594
	Changes in the current period	Newly hired employees	1126	493	53
		Resigned employees	922	715	111
		Retired or laid off employees	11	13	4
	Number of employees at the end of the period		829	594	532
Average age			35.01	37.94	38.5
Average years of service			5.99	8.25	9.02
Distribution of education levels (%)	Doctorate		0%	0%	0%
	Master's degree		2%	3%	4%
	College degree		18%	27%	29%
	High school		27%	37%	40%
	Below high school		53%	32%	27%
	Total		100.00	100.00	100.00

4. Environmental Expenditure Information

(1) Legal Requirements

1. The company's product characteristics do not cause environmental pollution and therefore do not require a pollution facility design permit or a pollution discharge permit.
2. There is no need to pay for pollution prevention costs.
3. There is no need to set up a dedicated environmental protection unit.

(2) The company's investment in main equipment for preventing environmental pollution and its potential benefits: None.

(3) In response to the implementation of the EU's Restriction of Hazardous Substances Directive (ROHS), the company's products have reached full green goals since July 2007, and all new models developed in the future are also required to comply with ROHS regulations.

(4) There has been no loss or compensation due to environmental pollution in the most recent fiscal year and up to the date of printing the annual report.

(5) Current pollution status and its impact on company profits, competitive position, and capital expenditures, and major environmental capital expenditures expected in the next two fiscal years: None.

5. Labor-Management Relations

(I) The company's various employee welfare measures, further education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights maintenance measures:

Employee Welfare Measures

(1) In addition to general welfare items, the company provides assistance for childbirth, marriage, death and festive bonuses. The factory also has dormitories, a canteen, and a welfare society, and provides work clothes, safety shoes, etc. The company has a Staff Welfare Committee to handle the following welfare matters:

(A) Travel subsidy (B) Birthday gift money

(C) Marriage celebration money (D) Childbirth subsidy

(E) Hospitalization and sickness subsidy (F) Death benefit
(G) Children's education scholarships (H) Birthday and other welfare activities

(2) All employees participate in labor and health insurance as per the rules, enjoying labor insurance benefits and medical care protection.

(3) Regular health check-ups are conducted for all employees according to the law.

2. Employee Training and Education
Our company has established an education and training implementation method, allocates a budget every year, and conducts pre-employment training and on-the-job training for employees to maintain the foundation of the company's sustainable operation and development. New employees understand the company's business philosophy, organizational rules, working environment, and personal rights and obligations through pre-employment training; existing employees are educated and trained internally by each department according to work needs, or employees are sent to attend external on-the-job training to enhance the quality and development of human resources.

3. Retirement System and its implementation
To stabilize the life of employees after retirement, our company sets up a labor retirement method according to law and establishes a Labor Retirement Reserve Fund Supervision Committee. It regularly allocates 2% of the total salary cost as retirement reserve funds stored in a special account of the Central Trust Bureau to protect labor rights and interests. Starting from July 1, 2006, the new retirement method adopted by the government is used, and 6% of the total labor salary is paid to the employee's personal retirement account; those who voluntarily pay retirement funds are deducted from the employee's monthly salary according to the voluntary payment rate and paid to the personal retirement account of the Labor Insurance Bureau.

Our company applies the Labor Retirement Fund Ordinance as follows:

(1) Voluntary Retirement: Workers can voluntarily retire under one of the following circumstances (for those who choose to apply the Labor Retirement Fund Ordinance, the same ordinance applies)
1 Those who have worked for more than fifteen years and are over 55 years old.
2 Those who have worked for more than twenty-five years.
3 Those who have worked for more than ten years and are over 60 years old.
(2) Mandatory Retirement: The company cannot force an employee to retire unless one of the following conditions is met:
1 Those who are over 65 years old.
2 Those who lose their mental capacity or become physically disabled and cannot perform their duties.
The age stipulated in the first paragraph may be adjusted upon approval by the central competent authority for those who engage in work with special characteristics such as danger and strong physical strength, but not less than fifty-five years old.
(3) Retirement Benefit Standards:
1 The retirement benefit standard for those who have worked before and after the application of the Labor Standards Act and choose to continue to apply the "Labor Standards Act" retirement benefit provisions or retain the work years before the Labor Retirement Fund Ordinance is applied is calculated according to Article 84-2 and Article 55 of the Labor Standards Act.

2 For employees who have the work years mentioned in the previous item and are forced to retire according to the provision of Article 35 Paragraph 1 Item 2, if their mental loss or physical disability is caused by performing their duties, an additional 20% is given according to the provision of Article 55 Paragraph 1 Item 2 of the Labor Standards Act.
3 For employees who apply the Labor Retirement Fund Ordinance retirement benefit provisions, our company contributes 6% of their wages monthly to the employee's individual retirement account.

(4) Pension Payment: The company shall pay the employee's retirement pension within thirty days from the date of the employee's retirement.

4. Employee Stock Ownership Trust:
In terms of the company's retirement system, in addition to regularly allocating reserves to the statutory retirement account according to the Labor Standards Act and the Labor Pension Act, the company has established a stock ownership trust committee. Full-time employees, after serving for one year, can decide on the monthly contribution amount according to their position and regularly purchase company shares. Furthermore, an additional 100% is allocated based on the employee's monthly contribution amount as a stock ownership reward.

5. The status of labor-capital agreements and the maintenance of employee rights and benefits
All operations of the company comply with the Labor Standards Act. The company has an employee suggestion box to solicit various opinions from employees, accept employee complaints, and use them as references for improving company measures. According to the Labor-Management Meeting Implementation Method, regular labor-management meetings are convened to facilitate communication and coordination between labor and capital. Efforts are made to improve welfare measures, promote harmonious labor-capital relations, and prevent labor disputes.

6. Other important agreements: None.

(II) Losses suffered due to labor disputes in the most recent fiscal year and up to the date of the annual report, disclose the current and future possible estimated amounts and response measures: None.

6. Important contracts: None.

VI. Financial Information

1. Summary of Balance Sheets and Income Statements for the Past Five Years, and Name of the Auditor and their Audit Opinion

(1) Summary of Balance Sheets and Income Statements

Summary of Consolidated Balance Sheet Unit: NT$1,000

Item \ Year		Financial information for the last five years					2023 Q1 (Note 3)
		2018	2019	2020	2021	2022	
Current assets		3,104,224	2,858,258	2,977,937	3,477,671	3,254,355	3,058,045
Property, plant and equipment		1,132,719	1,080,379	1,046,785	994,249	974,119	963,040
Intangible assets		6,688	11,713	8,378	5,105	7,878	7,223
Other assets (Note 5)		423,906	424,466	391,394	405,998	373,854	357,015
Total assets (Note 5)		4,667,537	4,374,816	4,424,494	4,883,023	4,610,206	4,385,323
Current liabilities	Before distribution	601,853	356,049	618,118	947,636	645,845	446,892
	After distribution	694,357	448,553	655,120	910,914	Not yet allocated	Not yet allocated
Non-current liabilities		287,901	377,000	266,281	287,896	222,079	219,921
Total liabilities	Before distribution	889,754	733,049	884,399	1,235,532	867,924	666,813
	After distribution	982,258	825,553	921,401	1,272,254	Not yet allocated	Not yet allocated
Total equity attributable to owners of parent (Note 5)		3,777,783	3,641,767	3,540,095	3,647,491	3,742,282	3,718,510
Share capital		1,850,081	1,850,081	1,836,081	1,836,081	1,836,081	1,836,081
Capital reserve (Note 5)		200,248	200,248	199,595	199,595	199,599	199,619
Retain surplus	Before distribution	1,857,455	1,795,444	1,703,712	1,837,926	1,895,969	1,851,077
	After distribution	1,764,951	1,702,940	1,666,710	1,801,204	Not yet allocated	Not yet allocated
Other Equity		-130,001	-204,006	-199,293	-202,052	-165,308	-144,208
Treasury stock		0	0	0	-24,059	-24,059	-24,059
Total equity (Note 5)	Before distribution	3,777,783	3,641,767	3,540,095	3,647,491	3,742,282	3,718,510
	After distribution	3,685,279	3,549,263	3,503,093	3,610,769	Not yet allocated	Not yet allocated

＊If the company prepares separate financial statements, a separate summary of the balance sheet and income statement for the past five years should be provided.

＊If the financial data based on International Financial Reporting Standards (IFRS) is less than five years, the financial data based on local accounting standards should be provided in the following table (2).

Note 1: For years without audited financial statements, it should be indicated.

Note 2: If the company conducted asset revaluation during the year, the date of the revaluation and the increase in value should be disclosed.

Note 3: For listed companies or companies whose stocks are traded at securities firms prior to the printing date of the annual report, if there are recently audited or reviewed financial data, it should be disclosed.

Note 4: The figures for distribution after allocation should be based on resolutions of the board of directors or the subsequent year's shareholders' meeting.

Note 5: If the financial data needs to be corrected or restated as notified by the competent authority, the corrected or restated figures should be provided along with the explanation and reasons: None.

Summary of Individual Balance Sheets

Unit: NT$1,000

Item		Financial information for the last five years 2018	2019	2020	2021	2022	2023 Q1 (Note 3)
Current assets		1,594,068	1,434,397	1,371,537	1,689,133	1,847,308	N/A
Property, plant and equipment		735,681	720,326	703,978	693,385	677,961	N/A
Intangible assets		4,034	9,444	6,467	3,758	4,642	N/A
Other assets (Note 5)		2,344,442	2,279,644	2,253,109	2,379,080	2,068,371	N/A
Total assets (Note 5)		4,678,225	4,443,811	4,335,091	4,765,356	4,598,282	N/A
Current liabilities	Before distribution	612,541	425,044	528,715	830,392	633,983	N/A
	After distribution	705,045	517,548	565,717	867,114	Not yet allocated	N/A
Non-current liabilities		287,901	377,000	266,281	287,473	222,017	N/A
Total liabilities	Before distribution	900,442	802,044	794,996	1,117,865	856,000	N/A
	After distribution	992,946	894,548	831,998	1,154,587	Not yet allocated	N/A
Total equity attributable to owners of parent (Note 5)		3,777,783	3,641,767	3,540,095	3,647,491	3,742,282	N/A
Share capital		1,850,081	1,850,081	1,836,081	1,836,081	1,836,081	N/A
Capital reserve (Note 5)		200,248	200,248	199,595	199,595	199,599	N/A
Retain surplus	Before distribution	1,857,455	1,795,444	1,703,712	1,837,926	1,895,969	N/A
	After distribution	1,764,951	1,702,940	1,666,710	1,801,204	Not yet allocated	N/A
Other Equity		-130,001	-204,006	-199,293	-202,052	-165,308	N/A
Treasury stock		0	0	0	-24,059	-24,059	N/A
Total equity (Note 5)	Before distribution	3,777,783	3,641,767	3,540,095	3,647,491	3,742,282	N/A
	After distribution	3,685,279	3,549,263	3,503,093	3,610,769	Not yet allocated	N/A

＊If the company prepares separate financial statements, a separate summary of the balance sheet and income statement for the past five years should be provided.

＊If the financial data based on International Financial Reporting Standards (IFRS) is less than five years, the financial data based on local accounting standards should be provided in the following table (2).

Note 1: For years without audited financial statements, it should be indicated.

Note 2: If the company conducted asset revaluation during the year, the date of the revaluation and the increase in value should be disclosed.

Note 3: For listed companies or companies whose stocks are traded at securities firms prior to the printing date of the annual report, if there are recently audited or reviewed financial data, it should be disclosed.

Note 4: The figures for distribution after allocation should be based on resolutions of the subsequent year's shareholders' meeting.

Note 5: If the financial data needs to be corrected or restated as notified by the competent authority, the corrected or restated figures should be provided along with the explanation and reasons: None.

Summary of Consolidated Income Statements

(Unit: Except for earnings per share in New Taiwan Dollars, which are in thousand NTD)

Item \ Year	Financial information for the last five years					2023 Q1 (Note 2)
	2018	2019	2020	2021	2022	
Turnover	2,661,044	2,170,104	1,609,928	2,946,998	2,471,056	340,903
Gross profit	551,382	351,832	200,885	530,983	444,555	57,393
Operating Profit and Loss	184,349	18,597	-79,996	215,879	96,228	-25,217
Non-operating income and expenses	78,793	24,348	11,521	27,100	163,150	-37
Net profit before tax	263,142	42,945	-68,475	242,979	259,378	-25,254
Net profit for the period from continuing operations	125,417	29,719	-55,089	171,455	186,461	118
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	125,417	29,719	-55,089	171,455	186,461	-25,372
Other comprehensive income for the period (net of tax)	-51,256	-73,231	6,908	-3,279	35,802	1,580
Total comprehensive profit or loss for the period	74,161	-43,512	-48,181	168,176	222,263	-23,792
Net profit attributable to owners of the parent company	125,417	29,719	-55,089	171,455	186,461	-25,372
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	74,161	-43,512	-48,181	168,176	222,263	-23,792
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share (Note 2)	0.68	0.16	-0.30	0.94	1.02	-0.14

＊If the company prepares separate financial statements, a separate summary of the balance sheet and income statement for the past five years should be provided.

＊If the financial data based on International Financial Reporting Standards (IFRS) is less than five years, the financial data based on local accounting standards should be provided in the following table (2).

Note 1: For years without audited financial statements, it should be indicated.

Note 2: For listed companies or companies whose stocks are traded at securities firms prior to the printing date of the annual report, if there are recently audited or reviewed financial data, it should be disclosed.

Note 3: Losses from discontinued operations should be presented as net amounts after deducting income taxes.

Note 4: If the financial data needs to be corrected or restated as notified by the competent authority, the corrected or restated figures should be provided along with the explanation and reasons: None.

Summary of Individual Income Statements

(Unit: Except for earnings per share in New Taiwan Dollars, which are in thousand NTD)

Item \ Year	Financial information for the last five years					2023 Q1
	2018	2019	2020	2021	2022	(Note 2)
Turnover	1,936,452	1,721,687	1,243,585	2,311,814	2,085,979	N/A
Gross profit	293,013	209,139	117,536	246,670	217,671	N/A
Operating Profit and Loss	66,766	23,120	-34,838	68,201	21,756	N/A
Non-operating income and expenses	115,683	12,929	-29,396	137,569	207,157	N/A
Net profit before tax	182,449	36,049	-64,234	205,770	228,913	N/A
Net profit for the period from continuing operations	125,417	29,719	-55,089	171,455	186,461	N/A
Loss from discontinued operations	0	0	0	0	0	N/A
Net profit (loss) for the period	125,417	29,719	-55,089	171,455	186,461	N/A
Other comprehensive income for the period (net of tax)	-51,256	-73,231	6,908	-3,279	35,802	N/A
Total comprehensive profit or loss for the period	74,161	-43,512	-48,181	168,176	222,263	N/A
Net profit attributable to owners of the parent company	125,417	29,719	-55,089	171,455	186,461	N/A
Net profit attributable to non-controlling interests	0	0	0	0	0	N/A
Total comprehensive income attributable to owners of the parent company	74,161	-43,512	-48,181	168,176	222,263	N/A
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	N/A
Earnings per share (Note)	0.68	0.16	-0.30	0.94	1.02	N/A

＊If the company prepares separate financial statements, a separate summary of the balance sheet and income statement for the past five years should be provided.

＊If the financial data based on International Financial Reporting Standards (IFRS) is less than five years, the financial data based on local accounting standards should be provided in the following table (2).

Note 1: For years without audited financial statements, it should be indicated.

Note 2: For listed companies or companies whose stocks are traded at securities firms prior to the printing date of the annual report, if there are recently audited or reviewed financial data, it should be disclosed.

Note 3: Losses from discontinued operations should be presented as net amounts after deducting income taxes.

Note 4: If the financial data needs to be corrected or restated as notified by the competent authority, the corrected or restated figures should be provided along with the explanation and reasons.

(2) Names and audit opinions of accountants for the last five years:

Year	Accounting Firm	CPA	Opinion
2019	Deloitte & Touche	CHAO, YONG-XIANG、ZHENG, CHIN-TSONG	Unqualified Opinion
2020	Deloitte & Touche	CHAO, YONG-XIANG、ZHENG, CHIN-TSONG	Unqualified Opinion
2020	Deloitte & Touche	CHAO, YONG-XIANG、ZHENG, CHIN-TSONG	Unqualified Opinion
2021	Deloitte & Touche	CHAO, YONG-XIANG、ZHENG, CHIN-TSONG	Unqualified Opinion
2022	KPMG	HSU, YU-FENG、KO, HUI-CHI	Unqualified Opinion

2. Financial Analysis for the Past Five Years

Financial Performance - Consolidated

Item		2018	2019	2020	2021	2022	As of March 31, 2023 (Note 2)
Financial Structure (%)	Debt to assets ratio	19.06	16.76	19.99	25.30	18.83	15.21
	Long-term capital to property, plant and equipment ratio	358.93	371.98	363.63	395.82	406.97	408.96
Solvency (%)	Mobility Ratio	515.78	802.77	481.77	366.98	503.89	684.29
	Quick Ratio	303.55	566.26	339.35	228.80	296.22	392.44
	Interest cover multiplier	17.99	40.62	-97.38	117.87	33.06	-8.23
Operating Capabilities	Receivables turnover rate (times)	3.07	2.36	1.97	3.29	2.75	1.72
	Average number of days of receipt	118.89	154.66	185.27	110.94	132.72	212.21
	Inventory turnover rate (times)	2.11	1.80	1.71	2.35	1.63	0.92
	Turnover rate of accounts payable (times)	6.29	7.06	4.99	5.56	5.99	4.72
	Average number of sales days	172.99	202.77	213.45	155.31	223.92	396.74
	Property, plant and equipment turnover rate (times)	2.31	1.96	1.51	2.89	2.51	1.30
	Total Asset Turnover (Times)	0.57	0.48	0.37	0.63	0.52	0.30
Profitability	Return on Assets (%)	2.93	0.68	-1.24	3.72	4.06	-2.05
	Return on Equity (%)	3.29	0.80	-1.53	4.77	5.05	-2.71
	Net income before income tax to paid-in capital (%)	14.22	2.32	-4.36	13.23	14.13	-5.50
	Net profit rate (%)	4.71	1.37	-3.73	5.82	7.55	-7.44
	Earnings per share (NT$) (Note 2)	0.68	0.16	-0.30	0.94	1.02	-0.14
Cash Flow	Cash flow ratio (%)	-	129.73	36.57	-	25.02	29.92
	Cash flow fair ratio (%)	53.57	80.69	96.01	60.54	56.71	65.50
	Cash reinvestment ratio (%)	-10.79	6.84	3.58	-0.68	0.64	2.51
Leverage	Operating leverage	1.12	2.25	0.69	1.12	1.30	0.71
	Financial leverage	1.09	1.06	0.99	1.01	1.09	0.90

Please explain the reasons for the changes in various financial ratios in the past two years:

1. Debt-to-Asset Ratio, Current Ratio, and Quick Ratio: (1) In the current year, the decrease in purchases resulted in a relative decrease in accounts payable. (2) The deferred income tax liabilities generated by the retained earnings of subsidiaries decreased relatively due to the repatriation of earnings.
2. Interest Coverage Ratio: The significant increase in interest expenses in the current year due to rising interest rates.
3. Inventory Turnover (times) and Average Days of Sales: The decrease in cost of goods sold due to declining business performance in the current year.
4. Net Profit Margin: The significant increase in foreign exchange gains from extraordinary income in the current year due to exchange rate fluctuations.
5. Cash Flow Ratio, Cash Flow Adequacy Ratio, and Cash Reinvestment Ratio: The increase in net cash flow from operating activities in the current year due to the decrease in accounts receivable.

Note 1: For years without audited financial statements, it should be indicated.

Note 2: For listed companies or companies whose stocks are traded at securities firms prior to the printing date of the annual report, if there are recently audited or reviewed financial data, they should be analyzed as well.

Financial Performance - Individual

Item		2018	2019	2020	2021	2022	As of March 31, 2023 (Note 2)
	Year	Financial information for the last five years					
Financial Structure (%)	Debt to assets ratio	19.25	18.05	18.34	23.46	18.62	-
	Long-term capital to property, plant and equipment ratio	486.31	479.72	454.37	468.44	472.30	-
Solvency (%)	Mobility Ratio	260.24	337.47	259.41	203.41	291.38	-
	Quick Ratio	206.93	291.21	221.14	186.61	247.81	-
	Interest cover multiplier	95.29	35.60	-92.64	354.56	265.64	-
Operating Capabilities	Receivables turnover rate (times)	4.68	3.66	2.95	4.97	3.86	-
	Average number of days of receipt	77.99	99.73	123.73	73.44	94.56	-
	Inventory turnover rate (times)	6.45	6.05	5.89	12.65	9.26	-
	Turnover rate of accounts payable (times)	22.90	27.15	16.92	28.00	42.53	-
	Average number of sales days	56.59	60.33	61.97	28.85	39.42	-
	Property, plant and equipment turnover rate (times)	2.60	2.36	1.75	3.31	3.04	-
	Total Asset Turnover (Times)	0.41	0.38	0.28	0.51	0.45	-
Profitability	Return on Assets (%)	2.70	0.67	-1.24	3.78	4.00	-
	Return on Equity (%)	3.29	0.80	-1.53	4.77	5.05	-
	Net income before income tax to paid-in capital (%)	9.86	1.95	-3.50	11.21	12.47	-
	Net profit rate (%)	6.48	1.73	-4.43	7.42	8.94	-
	Earnings per share (NT$) (Note)	0.68	0.16	-0.30	0.94	1.02	-
Cash Flow	Cash flow ratio (%)	-	31.72	16.07	12.36	-	-
	Cash flow fair ratio (%)	29.34	44.72	63.37	77.89	43.58	-
	Cash reinvestment ratio (%)	-3.79	1.10	1.30	1.73	-3.28	-
Leverage	Operating leverage	1.16	1.38	0.81	1.21	1.85	-
	Financial leverage	1.03	1.05	0.98	1.01	1.04	-

Please explain the reasons for the changes in various financial ratios in the past two fiscal years:

1. Reason for change in Debt-to-Asset ratio: The debt decreased this fiscal year due to a decrease in payable accounts.
2. Reasons for changes in Current ratio and Quick ratio: This year's current assets increased due to an increase in inventory, and current liabilities decreased due to a decrease in payable accounts.
3. Reason for change in Interest Coverage Ratio: The increase in interest expenditure this year was caused by a rise in interest rates.
4. Reasons for changes in Receivables turnover, Average Collection Days, Inventory turnover, Payables turnover, Average Sales Days, and other operational ability ratios: This fiscal year, these were due to a decrease in business performance and a relative decrease in the cost of goods sold.
5. Reasons for change in Net Profit Margin (%): This year, it was due to a significant increase in exchange gain from non-operating income due to exchange rate fluctuations.
6. Reasons for changes in Cash Flow Ratio, Cash Flow Adequacy Ratio, and Cash Reinvestment Ratio: The net cash flow from operating activities decreased this year due to an increase in inventory.
7. Reasons for change in Operating Leverage: This was due to an increase in the operating expense ratio this year.

Note 1: For years that have not been audited by an accountant, it should be noted.
Note 2: Companies whose stocks are traded at securities brokerages before the printing date of the annual report and have the latest financial information audited or reviewed by an accountant should also be analyzed.

1. Financial Structure
(1) Debt-to-Asset Ratio = Total Liabilities / Total Assets.
(2) Ratio of Long-term Funds to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.
2. Debt-Paying Ability
(1) Current Ratio = Current Assets / Current Liabilities.
(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.
(3) Interest Coverage Ratio = Earnings Before Interest and Tax / Interest Expense for the Period.
3. Operational Ability
(1) Receivables Turnover = Net Sales / Average Receivables Balance.
(2) Average Collection Days = 365 / Receivables Turnover.
(3) Inventory Turnover = Cost of Goods Sold / Average Inventory.
(4) Payables Turnover = Cost of Goods Sold / Average Payable Balance.
(5) Average Sales Days = 365 / Inventory Turnover.
(6) Turnover of Property, Plant, and Equipment = Net Sales / Average Net Property, Plant, and Equipment.
(7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
(1) Return on Assets = [Net Profit After Tax + Interest Expense × (1-Tax Rate)] / Average Total Assets.
(2) Return on Equity = Net Profit After Tax / Average Total Equity.
(3) Net Profit Margin = Net Profit After Tax / Net Sales.
(4) Earnings per Share = (Net Income Attributable to the Parent Company - Preferred Stock Dividends) / Weighted Average 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 over the last five years / (capital expenditure + inventory increase + cash dividends) over the last five years.
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
(1) Operating leverage = (net sales revenue - variable operating costs and expenses) / operating profit (Note 6).
(2) Financial leverage = operating profit / (operating profit - interest expenses).
Note 4: When measuring earnings per share, the following should be taken into account:
It is based on the weighted average number of common shares, not on the number of shares issued at the end of the year.
For cash capital increases or treasury stock transactions, the circulation period should be considered when calculating the weighted average number of shares.
For profit capitalization or capital reserve capitalization, when calculating past annual and semi-annual earnings per share, the capitalization ratio should be retroactively adjusted, and the issuance period of the capital increase is irrelevant.
If the preferred shares are non-convertible cumulative preferred shares, their annual dividends (whether issued or not) should be deducted from net profit after tax or added to net loss after tax. If the preferred shares are non-cumulative, dividends should be deducted from net profit after tax in the event of a net profit; if there is a loss, no adjustment is necessary.
Note 5: When analyzing cash flow, the following should be taken into account:
Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
Capital expenditure refers to the annual cash outflow from capital investments.
Inventory increase is only included when the balance at the end of the period is greater than the balance at the beginning of the period. If inventory decreases at the end of the year, it is calculated as zero.

Cash dividends include cash dividends for common and preferred shares.
Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.
Note 6: The issuer should categorize various operating costs and expenses as fixed and variable based on their nature. If estimates or subjective judgments are involved, their reasonableness and consistency should be maintained.
Note 7: If the company's shares are no par value or the par value per share is not new Taiwan dollars ten, the calculation of the proportion of actual capital received is changed to the proportion of equity attributable to the parent company in the balance sheet.

3. Audit Committee's Review Report on the Recent Annual Financial Report

KAULIN MFG. CO., LTD.

Audit Committee's Review Report

The Board of Directors of our company has submitted the financial report for the year 2022 (including consolidated financial statements) for review by Deloitte & Touche, Certified Public Accountants, Mr. CHAO, YONG-XIANG, and Mr. ZHENG, CHIN-TSONG. Along with the audited opinions provided by the aforementioned accounting firm, the operating report and the profit distribution statement have been examined and approved by our Audit Committee. We believe that they comply with relevant laws and regulations, including the Company Act. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your reference.

KAULIN MFG. CO., LTD.

Chairman of the Audit Committee: LIN, SHENG-SHENG

March 29, 2023

4. Auditor's Report on the Recent Annual Consolidated Financial Statements:

Stock Code: 1531

KAULIN MFG. CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements and Accountants' Review Report

For the Years Ended December 31, 2022 and 2021

Address：11F, No. 128, Sec. 3, Minsheng East Road, Song Shan District, Taipei
Tel：(02)2713-0232

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Statement

For the year 2022 (from January 1, 2022 to December 31, 2022), 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.

Company: KAULIN MFG. CO., LTD.

Chairman：LIN CHEN, YA-TZU

Date: Mar. 29, 2023

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, 2022 and 2021, the Statement of Comprehensive Income as of January 1 to December 31, 2022 and 2021 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, 2022 and 2021 in KAULIN MFG. CO., LTD. and the financial performance and consolidated cash flow of January 1 to December 31, 2022 and 2021 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 GROUP 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 GROUP' s consolidated financial statements of fiscal year 2022 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(5) 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

The financial statements of KAULIN GROUP for 2021 were audited by another accountant who issued an unqualified audit report on March 24, 2022.

KAULIN MFG. CO., LTD. has prepared its parent company only financial statements for 2022 and 2021, which have been audited and unqualified audit reports have been issued by this auditor and other accountants, 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 GROUP' 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 GROUP 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 GROUP 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 GROUP
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 GROUP' s 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, but future events or situations might cause KAULIN GROUP 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 GROUP’s consolidated financial statements for fiscal year 2021 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 29, 2023

KAULIN MFG. CO., LTD. & SUBSIDIARIES

Consolidated Balance Sheet

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

Code	Assets	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 1,170,341	26	1,055,332	22
1136	Financial assets measured at amortized cost - current (Note 6(3))	9,411	-	86,830	-
1150	Notes receivable (Note 6(4))	29,782	1	57,993	2
1170	Accounts receivable (Note 6(4) and (19))	745,570	16	960,843	17
130X	Inventory (Note 6(5))	1,257,923	27	1,221,850	29
1419	Advance payment	36,091	1	87,601	2
1470	Other current assets (Note 6(10))	5,237	-	7,222	-
	Total current assets	3,254,355	71	3,477,671	72
	Non-current assets:				
1517	Financial assets measured at FVTOCI－non-current (Note 6(2))	24,147	1	34,344	1
1600	Property, plant and equipment (Note 6(6))	974,119	21	994,249	20
1755	Right-of-use assets (Note 6(7))	40,598	1	42,229	1
1760	Investment property (Note 6(8))	197,881	4	199,955	4
1805	Goodwill (Note 6(9))	23,026	-	23,026	-
1821	Other intangible assets (Note 6(9))	7,878	-	5,105	-
1840	Deferred tax assets (Note (16))	83,279	2	87,821	2
1990	Other non-current assets (Note 6(10))	4,923	-	18,623	-
	Total non-current assets	1,355,851	29	1,405,352	28
	Total assets	**$ 4,610,206**	**100**	**4,883,023**	**100**

Code	Liabilities and Equity	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(11))	$ 253,549	5	238,401	5
2130	Contract liabilities - current (Note 6(19))	22,806	-	48,054	1
2170	Accounts payable	172,151	4	504,231	6
2200	Other payables (Note 6(13))	133,807	3	148,525	3
2230	Current income tax liabilities	61,294	2	6,807	1
2280	Lease liabilities - current (Note 6(13))	1,093	-	1,059	-
2399	Other current liabilities－other	1,145	-	559	-
	Total current liabilities	645,845	14	947,636	16
	Non-current liabilities:				
2580	Lease liabilities - non-current (Note 6(12))	800	-	1,887	-
2570	Deferred income tax liabilities (Note 6(16))	200,499	5	259,377	6
2640	Net defined benefit liability - non-current (Note 6(15))	20,780	1	26,097	-
2645	Deposits received	-	-	535	-
	Total non-current liabilities	222,079	6	287,896	6
	Total liabilities	867,924	20	1,235,532	22
	Equity attributable to the owners of the parent company (Note 6(17))：				
3110	Common shares	1,836,081	40	1,836,081	38
3200	Capital reserves	199,599	4	199,595	4
	Retained earnings:				
3310	Legal reserve	734,810	16	717,716	15
3320	Special reserve	202,052	4	199,294	4
3350	Unappropriated retained earnings	959,107	21	920,916	20
		1,895,969	41	1,837,926	39
3400	Other equity	(165,308)	(4)	(202,052)	(3)
3500	Treasury shares	(24,059)	(1)	(24,059)	-
	Total liabilities	3,742,282	80	3,647,491	78
	Total liabilities and equity	**$ 4,610,206**	**100**	**4,883,023**	**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. & SUBSIDIARIES

Consolidated Statement of Comprehensive Income

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(19))**	$ 2,471,056	100	2,946,998	100
5000	**Operating cost (Note 6(5) and (15))**	2,026,501	82	2,416,015	82
	Gross profit	444,555	18	530,983	18
	Operating expense (Note 6(4), (6), (7), (8), (9), (12), (15) and 7):				
6100	Promotion expense	145,412	5	138,861	5
6200	Administration expense	164,760	7	150,376	5
6300	R&D expenses	45,465	2	43,786	2
6450	Expected credit losses (reversal gain)	(7,310)	-	(17,919)	(1)
	Total operating expenses	348,327	14	315,104	11
6900	**Net operating profit**	96,228	4	215,879	7
	Non-operating revenue/expense (Note 6(21))：				
7100	Interest income	16,014	1	22,433	1
7010	Other income	35,814	1	33,691	1
7020	Other gains and losses	119,412	5	(26,945)	(1)
7050	Financial costs	(8,090)	-	(2,079)	-
	Total non-operating revenue/expense	163,150	7	27,100	1
7900	**Net profit before tax**	259,378	11	242,979	8
7950	**Less: Income tax expense (Note 6(16))**	72,917	3	71,524	2
8200	**Net income**	186,461	8	171,455	6
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss (Note 6(16))**				
8311	Remeasurements of defined benefit plan	(1,178)	-	(650)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(10,197)	-	9,777	-
8349	Less: Income tax related to the items which were not reclassified	(2,275)	-	1,825	-
	Total items not reclassified to profit or loss	(9,100)	-	7,302	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss (Note 6(16))**				
8361	Exchange difference on translation of the financial statements of foreign operations	56,128	1	(13,225)	-
8399	Less: Income tax related to items that might be reclassified	11,226	-	(2,645)	-
	Total items that might be reclassified to profit or loss later	44,902	1	(10,580)	-
8300	**Total other comprehensive income in the term**	35,802	1	(3,278)	-
8500	**Total comprehensive income in the term**	**$ 222,263**	**9**	**168,177**	**6**
	Earnings per share (Note 6(18))				
9750	**Basic (NTD)**	**$**	**1.02**		**0.94**
9850	**Diluted (NTD)**	**$**	**1.02**		**0.94**

(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. & SUBSIDIARIES

Consolidated Statement of Changes in Equity

At Dec. 31, 2022 and Dec. 31, 2021

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 Jan. 1, 2021	$ 1,836,081	199,595	717,716	204,006	781,990	1,703,712	(162,629)	(36,664)	(199,293)	-	3,540,095
Net income in the term	-	-	-	-	171,455	171,455	-	-	-	-	171,455
Other comprehensive income in the term	-	-	-	-	(519)	(519)	(10,580)	7,821	(2,759)	-	(3,278)
The total comprehensive income in the term	-	-	-	-	170,936	170,936	(10,580)	7,821	(2,759)	-	168,177
Appropriation and distribution of earnings:											
Cash dividend for common stock	-	-	-	-	(36,722)	(36,722)	-	-	-	-	(36,722)
Reversal of special reserve	-	-	-	(4,712)	4,712	-	-	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(24,059)	(24,059)
Balance as of Dec. 31, 2021	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 in the term	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Other comprehensive income in the term	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802
The 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**

(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. & SUBSIDIARIES
Consolidated Statement of Cash Flows
At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

		2022	2021
Cash flow from operating activities:			
Net profit before tax	$	259,378	242,979
Adjustment Items:			
Adjustments to reconcile profit (loss)			
Depreciation expense		68,175	66,849
Amortization expense		6,411	7,398
Expected credit loss reversal gain		(7,310)	(17,919)
Interest expense		8,090	2,079
Interest income		(16,014)	(22,433)
Dividend income		(991)	(871)
Loss (gain) on disposal and write-off of property, plant, and equipment		2,107	(2,489)
Loss (gain) on inventory valuation and write-off		32,625	(13,160)
Unrealized foreign exchange loss (gain)		(12,443)	5,139
Total income and expense items		80,650	24,593
Changes in assets/liabilities related to operating activities:			
Decrease in notes receivable		29,004	70,129
Decrease (increase) in accounts receivable		262,434	(308,647)
Increase in inventories		(63,021)	(385,492)
Decrease (increase) in advance payment		51,030	(45,813)
Decrease in other current assets		2,457	284
Decrease (increase) in contract liabilities		(25,248)	12,583
Decrease in notes payable		-	(17)
Decrease (increase) in accounts payable		(339,961)	140,671
Decrease (increase) in other payables		(15,763)	32,621
Increase in other current liabilities		586	103
Decrease in net defined benefit liability		(6,495)	(6,112)
Total adjustment items		(24,327)	(465,097)

(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. & SUBSIDIARIES

Consolidated Statement of Cash Flows

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

	2022	2021
Cash inflow (outflow) from operating activities	$ 235,051	(222,118)
Interest received	15,542	22,365
Interest paid	(7,883)	(2,040)
Income taxes paid	(81,135)	(26,639)
Net cash inflow (outflow) from operating activities	161,575	(228,432)
Cash flow from investing activities:		
Acquisition of financial assets measured at amortized cost	(9,289)	(237,918)
Disposal of financial assets measured at amortized cost	89,772	238,987
Acquisition of property, plant and equipment	(22,306)	(15,931)
Disposal of property, plant and equipment	1,070	5,691
Increase in refundable deposits	(515)	(2,427)
Acquisition of intangible assets	(9,123)	(3,607)
Increase in prepayments for business facilities	-	(14,531)
Dividends received	991	871
Net cash inflow (outflow) from investing activities	50,600	(28,865)
Cash flow from financing activities:		
Increase in short-term loans	358,800	238,401
Repayment of long-term borrowings	(343,652)	(100,000)
Decrease in deposits received	(535)	-
Repayment of lease principal	(1,066)	(978)
Issuance of cash dividends	(127,476)	(36,722)
Changes in other capital reserve	4	-
Cost of repurchased treasury stock	-	(24,059)
Net cash inflow (outflow) from financing activities	(113,925)	76,642
Effect of the changes in exchange rate on cash and cash equivalents	16,759	7,173
Increase (decrease) in cash and cash equivalents in the term	115,009	(173,482)
Beginning balance of cash and cash equivalents	1,055,332	1,228,814
Ending balance of cash and cash equivalents	**$ 1,170,341**	**1,055,332**

(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

Notes to Consolidated Financial Statement

For the Years Ended 31 December 2022 and 2021

(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

This consolidated financial report was approved and published by the board of directors on March 23, 2023.

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, 2022, 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 International Accounting Standard (IAS) 16, "Property, Plant and Equipment - Costs to bring an asset to the intended use"

·The amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets - Costs of fulfilling a contract"

·Annual Improvements to IFRSs 2018-2020 Cycle

·The amendment to IFRS 3, "References to the Conceptual Framework"

(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, 2023, and concluded that they will 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"

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

Newly issued and revised standards and interpretations not yet approved by the FSC that may be relevant to the consolidated company include the following:

Newly issued or revised standards	Main revisions	Effective date of board of directors issuance
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	Currently, IAS 1 stipulates that liabilities for which a company does not have an unconditional right to defer settlement for at least twelve months after the reporting period should be classified as current. The amendment deletes the unconditional requirement and replaces it with a requirement that the right exists at the end of the reporting period and is substantive. The amendment also clarifies how to classify liabilities that are to be settled by issuing the company's own equity instruments (such as convertible corporate bonds).	Jan. 1, 2024

The consolidated company is continuously assessing the impact of these standards and interpretations on its financial condition and operating results. The impact will be disclosed once the assessment is completed.

The consolidated company expects that the following other new and revised standards not yet approved will not have a significant impact on the consolidated 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 IAS 1, "Non-current Liabilities with Covenants"

·The amendment to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

·The amendment to IFRS 16, "Provisions for Leaseback Transactions"

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

These consolidated financial statements have 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). The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollar (TWD). 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 percentag		Note
			Dec. 31, 2022	**Dec. 31, 2021**	
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.
The company	SIRUBA Singapore	General investment business	100.00%	100.00%	Established in Singapore in 1998.
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.

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.

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.

The estimated useful life for the current and comparative period is 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) Government grants and assistance

When the consolidated company receives related government grants, unconditional grants are recognized as non-operating income. Government grants compensating the consolidated company for incurred expenses or losses are recognized in profit or loss systematically and concurrently with the related expenses.

(16) 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.

(17) 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.

(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 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 information on accounting policies involving significant judgments and having a significant impact on the amounts recognized in this consolidated financial report 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 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).

6. Explanation of Important Accounting Items

(1) Cash and cash equivalents

		Dec. 31, 2022	Dec. 31, 2021
Cash on hand and working capital	$	1,103	1,589
Checks and demand deposits		705,839	503,658
Time Deposits - within three months of the original recognised maturity date		463,399	550,085
Cash and cash equivalents in the Consolidated Cash Flow Statement	**$**	**1,170,341**	**1,055,332**

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 (22).

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

		Dec. 31, 2022	Dec. 31, 2021
Equity instruments measured at fair value through other comprehensive income or loss:			
Overseas listed (OTC) stocks - JUKI Corporation	**$**	**24,147**	**34,344**

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 merged company's strategic investments that were not disposed of in the fiscal year 2022 and 2021, accumulated profit and loss during that period, were not transferred within equity.
3. For market risk and fair value information, please refer to Note 6 (22).

(3) Financial assets measured at amortized cost - current

		Dec. 31, 2022	Dec. 31, 2021
Time deposits with original maturity of more than 3 months	**$**	**9,411**	**86,830**

As of December 31, 2022, and 2021, the merged company's current financial assets measured at amortized cost were not provided as collateral.

(4) Notes receivable and accounts receivable

	Dec. 31, 2022	Dec. 31, 2021
Notes receivable－Generated from operating activities	$ 29,782	57,999
Accounts receivable－Measured at amortized cost	767,908	990,447
Minus: allowance for loss	22,338	29,610
	$ 775,352	1,018,836

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 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:

	Dec. 31, 2022		
	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

	Dec. 31, 2021			
	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	$	466,417	0.01%	47
Within 120 days of expiration		88,673	14.05%	12,462
121~180 days of expiration		39	15.38%	6
181~240 days past due		663	25.04%	166
241~300 days past due		11	27.27%	3
301~360 days past due		48	50%	24
Over 360 days past due		15,298	100%	15,298
	$	571,149		28,006

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

	Dec. 31, 2022			
	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

	Dec. 31, 2021			
	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	$	468,368	0.01%	41
Within 120 days of expiration		7,028	0.01%	1
121~180 days of expiration		375	24.53%	92
181~240 days past due		14	50%	7
301~360 days past due		65	24.62%	16
More than 360 days past due		1,447	100%	1,447
	$	477,297		1,604

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

	2022	2021
Beginning Balance	$ 29,610	47,692
Impairment losses recognised (reversed)	(7,310)	(17,919)
Foreign currency translation gains and losses	38	(163)
Ending Balance	**$ 22,338**	**29,610**

At December 31, 2022 and 2021, none of the Consolidated Company's notes and accounts receivable had been discounted or provided as collateral.

(5) Inventory

	Dec. 31, 2022	Dec. 31, 2021
Products	$ 79,046	63,686
Finished products	761,890	522,485
Raw Materials	311,008	399,403
Work in progress	80,030	186,698
Inventory in transit	21,499	44,848
Other Inventory	4,450	4,730
	$ 1,257,923	**1,221,850**

The breakdown of operating costs is as follows:

	2022	2021
Cost of inventories sold	$ 1,875,590	2,384,935
Loss on obsolescence of inventories	9,002	7,623
Loss on decline in value of inventories (gain on reversal)	23,623	(20,783)
Unallocated manufacturing costs (Note)	118,286	44,240
Total	**$ 2,026,501**	**2,416,015**

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, 2022, and 2021, none of the merged company's inventories were provided as pledge collateral.

(6) Property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Total
Cost or deemed cost:						
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**

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Total
Balance on Jan. 1, 2021	$ 360,117	969,565	1,289,961	16,894	283,717	2,920,254
Add	-	-	4,761	6,278	4,892	15,931
Disposal	-	-	(37,500)	(4,537)	(2,231)	(44,268)
Effect of exchange rate changes	(576)	(4,003)	(6,614)	(42)	(1,262)	(12,497)
Balance on Dec.31, 2021	**$ 359,541**	**965,562**	**1,250,608**	**18,593**	**285,116**	**2,879,420**
Depreciation:						
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**
Balance on Jan. 1, 2021	$ -	386,861	1,220,529	10,990	255,089	1,873,469
Depreciation	-	36,370	12,406	2,318	11,212	62,306
Disposal	-	-	(34,752)	(4,083)	(2,231)	(41,066)
Effect of exchange rate changes	-	(2,002)	(6,382)	(23)	(1,131)	(9,538)
Balance on Dec.31, 2021	**$ -**	**421,229**	**1,191,801**	**9,202**	**262,939**	**1,885,171**
Carrying amount:						
Dec.31, 2022	**$ 361,726**	**511,011**	**49,312**	**7,131**	**44,939**	**974,119**
Jan. 1, 2021	**$ 360,117**	**582,704**	**69,432**	**5,904**	**28,628**	**1,046,785**
Dec.31, 2021	**$ 359,541**	**544,333**	**58,807**	**9,391**	**22,177**	**994,249**

As at 31 December 2022 and 2021, none of the Consolidated Company's property, plant and equipment was pledged as security.

(7) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
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**
Balance on Jan. 1, 2021	$ 58,871	3,573	-	62,444
Add	-	-	1,044	1,044
Effect of exchange rate changes	(314)	-	-	(314)
Balance on Dec.31, 2021	**$ 58,557**	**3,573**	**1,044**	**63,174**
Depreciation:				
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**

		Land	Buildings	Transportation equipment	Total
Balance on Jan. 1, 2021	$	18,151	715	-	18,866
Provision for depreciation		1,171	714	290	2,175
Effect of exchange rate changes		(96)	-	-	(96)
Balance on Dec.31, 2021	$	19,226	1,429	290	20,945
Carrying amount:					
Dec.31, 2022	$	38,757	1,429	412	40,598
Jan. 1, 2021	$	40,720	2,858	-	43,578
Dec.31, 2021	$	39,331	2,144	754	42,229

The merged 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 (8). 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, 2022, and 2021, none of the merged company's right-of-use assets were provided as collateral.

(8) 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	**House and building**	**Land use rights**	**Total**
Cost:					
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
Balance on Jan. 1, 2021	$	178,782	92,248	5,293	276,323
Effect of changes in exchange rates		-	(202)	(29)	(231)
Balance on Dec.31, 2021	$	178,782	92,046	5,264	276,092
Depreciation:					
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
Balance on Jan. 1, 2021	$	-	71,561	2,313	73,874
Provision for depreciation		-	2,250	118	2,368
Effect of changes in exchange rates		-	(93)	(12)	(105)
Balance on Dec.31, 2021	$	-	73,718	2,419	76,137

	Owned assets		Right-of-use assets	
	Land	House and building	Land use rights	Total
Carrying amount:				
Dec.31, 2022	$ 178,782	16,330	2,769	197,881
Jan. 1, 2021	$ 178,782	20,687	2,980	202,449
Dec.31, 2021	$ 178,782	18,328	2,845	199,955

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:

	Dec. 31, 2022	Dec. 31, 2021
Fair value	$ 75,862	74,693

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:

	Dec. 31, 2022	Dec. 31, 2021
Fair value	$ 472,164	472,164

As of December 31, 2022, and 2021, none of the merged company's investment properties were provided as pledge collateral.

(9) Intangible assets

	Goodwill	PC software	Total
Cost:			
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
Balance on Jan. 1, 2021	$ 23,026	29,148	52,174
Obtained separately	-	3,607	3,607
Reclassification	-	526	526
Disposal	-	(2,862)	(2,862)
Effect of changes in exchange rates	-	(27)	(27)
Balance on Dec.31, 2021	$ 23,026	30,392	53,418

		Goodwill	PC software	Total
Depreciation:				
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
Balance on Jan. 1, 2021	$	-	20,770	20,770
Amortisation		-	7,398	7,398
Disposal		-	(2,862)	(2,862)
Effect of changes in exchange rates		-	(19)	(19)
Balance on Dec.31, 2021	$	-	25,287	25,287
Carrying amount:				
Dec.31, 2022	$	23,026	7,878	30,904
Jan. 1, 2021	$	23,026	8,378	31,404
Dec.31, 2021	$	23,026	5,105	28,131

1. Amortization expense

Amortization expense for intangible assets for the years 2022 and 2021 is reported in the Consolidated Statement of Comprehensive Income as follows:

		2022	2021
Operating cost	$	412	505
Operating expense	$	5,999	6,893

2. Guarantee

At 31 December 2022 and 2021, the Consolidated Company's intangible assets were not pledged as security.

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

		Dec. 31, 2022	Dec. 31, 2021
Other current assets			
Other payables	$	4,791	6,616
Other		446	606
	$	5,237	7,222
Other non-current assets			
Refundable deposits	$	4,199	3,684
Prepayment for equipment		-	14,695
Other		724	244
	$	4,923	18,623

(11) Short-term loans

	Dec. 31, 2022	Dec. 31, 2021
Unsecured bank loans	$ 253,549	238,401
Unused credit	$ 400,000	400,000
Interest Rate Range	1.36%~5.74%	0.52%~1.20%

(12) Lease liabilities

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

	Dec. 31, 2022	Dec. 31, 2021
Current	$ 1,093	1,059
Non-current	$ 800	1,887

For maturity analysis, please refer to Note 6(22) Financial instruments.

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

	2022	2021
Interest expense on lease liabilities	$ 58	76
Short-term lease expenses	$ 2,962	2,458
Lease expenses of low-value assets (excluding short term leases which are low value leases)	$ 88	97

Leases were recognized in the cash flow statement as follows:

	2022	2021
Total amount of cash outflow from lease	$ 4,174	3,609

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.

(13) Other payables

		Dec. 31, 2022	Dec. 31, 2021
Other payables:			
Salaries and bonuses payable	$	42,686	49,043
Commissions payable		18,814	15,394
Remuneration of staff and directors and supervisors		12,048	10,830
Payable for untaken leave		7,252	7,253
Others		53,007	66,005
	$	133,807	148,525

(14) Operating leases

The merged 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 (8) 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:

		Dec. 31, 2022	Dec. 31, 2021
Less than one year	$	24,312	22,054
One to two years		24,400	24,141
Two to three years		15,869	24,227
Three to four years		14,400	15,831
Four to five years		12,000	14,400
More than five years		-	12,000
Total undiscounted lease payments	$	90,981	112,653

(15) 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:

		Dec. 31, 2022	Dec. 31, 2021
Current value of defined benefit obligations	$	56,785	68,053
Fair value of plan assets		(36,005)	(41,956)
Net defined benefit liability	$	20,780	26,097

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 36,005 thousand yuan. 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 merged company for the fiscal year 2022 and 2021 are as follows:

		2022	2021
Defined benefit obligation at 1 January	$	68,053	67,866
Service cost and interest in the period		548	455
-Actuarial gains and losses arising from changes in demographic assumptions		-	1,432
-Actuarial gains and losses arising from changes in financial assumptions		(2,940)	(632)
Gains and losses arising from prior service costs		7,399	375
Benefits planned to be paid		(16,275)	(1,443)
Defined benefit obligation at 31 December	**$**	**56,785**	**68,053**

(3) Changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the merged company for the fiscal year 2022 and 2021 are as follows:

		2022	2021
Fair value of plan assets at 1 January	$	(41,956)	(36,307)
Interest income		(212)	(137)
－Return on plan assets (Excluding current interest)		(3,280)	(525)
Contributions from scheme participants		(6,832)	(6,430)
Benefits paid by the plan		16,275	1,443
Fair value of plan assets at 31 December	**$**	**(36,005)**	**(41,956)**

(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 2022 and 2021:

	2022	2021
Service cost in the period	$ 548	455
Net interest on net defined benefit liabilities (assets)	(212)	(137)
	$ 336	**318**

	2022	2021
Operating cost	$ 49	284
Promotion expense	15	-
Administration expense	260	34
R&D expenses	12	-
Total	**$ 336**	**318**

(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:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	1.375%	0.500%
Growth rate of salary	3.000%	2.750%

The merged company expects to pay a contribution of NT$ 660 thousand to the defined benefit plan within one year after the reporting date of the 2022 fiscal year.

The weighted average duration of the defined benefit plan is 7.90 years.

(6) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted as of December 31, 2022, and 2021, on the present value of defined benefit obligations are as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
Dec. 31, 2022		
Discount rate (change 0.25%)	$ (1,102)	1,134
Growth rate of salary (change 0.25%)	1,096	(1,071)
Dec. 31, 2021		
Discount rate (change 0.25%)	$ (1,261)	1,298
Growth rate of salary (change 0.25%)	1,247	(1,218)

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 2022 and 2021 are 14,583 thousand yuan and 14,061 thousand yuan, respectively, which have been contributed to the Labor Insurance Bureau.

(16) Income tax

1. Income tax expenses

A breakdown of the Consolidated Company's income tax expense for the years 2022 and 2021 is as follows

		2022	2021
Current income tax expense			
Generated in the fiscal year	$	131,906	32,119
Adjustments for the prior year		3,631	3,799
Deferred income tax expense			
Occurrence and Reversal of Temporal Differences		(62,620)	35,606
Income tax expenses	**$**	**72,917**	**71,524**

2. A breakdown of the Consolidated Company's income tax expense (benefit) recognized under other comprehensive income in fiscal 2022 and 2021 is as follows:

		2022	2021
Components of other comprehensive income that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	$	(236)	(131)
Gains or losses on valuation of financial assets at fair value through other comprehensive income		(2,039)	1,956
Subtotal	**$**	**(2,275)**	**1,825**
Components of other comprehensive income that will be reclassified to profit or loss:			
Exchange difference on translation of the financial statements of foreign operations	**$**	**11,226**	**(2,645)**

A reconciliation of the Consolidated Company's income tax expense (benefit) to net income before income taxes for fiscal years 2022 and 2021 is as follows:

	2022	2021
Net profit before tax	$ 259,378	242,979
Income tax at the Company's domestic tax rate	$ 51,876	48,596
Non-deductible expenses	(2,251)	(3,112)
Tax-exempt income	-	(140)
Deferred income tax effect on earnings of subsidiaries	13,184	27,367
Unrecognized loss carryforwards	(4,599)	(9,301)
Effect of different tax rates applied to the consolidated entities	11,076	4,315
Adjustments to current income tax in prior years	3,631	3,799
Income tax expense	$ 72,917	71,524

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 income tax liabilities:

	Dec. 31, 2022				
	Beginning Balance	**Debit/Loan Statement**	**Debit/credit to other comprehensive income statement**	**Exchange differences on translation of foreign operating institutions' statements**	**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
Total	$ 259,377	(63,037)	4,159	-	200,499

	Dec. 31, 2021				
	Beginning Balance	**Debit/Loan Statement**	**Debit/credit to other comprehensive income statement**	**Exchange differences on translation of foreign operating institutions' statements**	**Ending Balance**
Undistributed earnings of subsidiaries	$ 232,009	27,368	-	-	259,377
Total	$ 232,009	27,368	-	-	259,377

Deferred tax assets:

	Dec. 31, 2022				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Exchange differences on translation of foreign operating institutions' statements	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

	Dec. 31, 2021				
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Exchange differences on translation of foreign operating institutions' statements	Ending Balance
Financial assets at fair value through other comprehensive income	$ 9,167	-	(1,956)	-	7,211
Exchange differences on translation of foreign operating institutions' statements	4,422	-	2,645	-	7,067
Defined Benefit Plan	11,896	(1,224)	131	-	10,803
Unused leave bonus	1,369	170	-	(2)	1,537
Allowance for losses	7	14	-	-	21
Loss on decline in value of inventories	31,795	(5,868)	-	(120)	25,807
Unrealised gross profit on sales	1,558	912	-	-	2,470
Adjustment for salvage value of fixed assets	26,729	590	-	(143)	27,176
Unrealised exchange gain or loss	8,099	(2,801)	-	-	5,298
Other	462	(31)	-	-	431
Total	$ 95,504	(8,238)	820	(265)	87,821

(17) Capital and other interests

As at December 31, 2022 and 2021, the total authorized share capital of the Company was $2,000,000 thousand, with a par value of $10 per share, both for 200,000 thousand shares, and all issued shares were received.

1. Common share

A reconciliation of the number of outstanding shares of the Consolidated Company in 2022 and 2021 is as follows

(Expressed in thousands of shares)

	Common share	
	2022	**2021**
Number of shares outstanding at the beginning of 1 January	182,108	183,608
Treasury shares	-	(1,500)
Number of shares at the end of 31 December	**182,108**	**182,108**

2. Capital reserves

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

	Dec. 31, 2022	**Dec. 31, 2021**
Share issue premium	$ 85,553	85,553
Consolidation Premium	114,042	114,042
Other	4	-
	$ 199,599	**199,595**

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 2022, the amount is NT$4,000 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 company resolved the profit distribution plans for 2022 and 2021 at the annual general meetings held on June 24 2022 and August 31 2021, respectively. The dividends distributed to the owners are as follows:

	2021		**2020**	
	Allotment Rate ($)	**Amount**	**Allotment Rate ($)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	0.70	$ 127,476	0.20	36,722

On 23 March 2023, the Company's Board of Directors proposed the appropriation of the 2022 earnings in respect of the distribution of dividends to owners as follows:

	2022	
	Allotment Rate ($)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	0.80	$ 145,686

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, 2022, 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 differences on translation	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
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)**
Balance on Jan. 1, 2021	$ (162,629)	(36,664)	(199,293)
Exchange differences on translation	(10,580)	-	(10,580)
Financial assets measured at fair value through other comprehensive income Unrealized gains or losses	-	7,821	7,821
Balance on Dec. 31, 2021	**$ (173,209)**	**(28,843)**	**(202,052)**

(18) Earnings per share

1. Basic earnings per share

The basic earnings per share of the merged company for the fiscal year 2022 and 2021 were calculated based on the net profit attributable to the holders of ordinary equity of the company, which were 186,461 thousand yuan and 171,455 thousand yuan, respectively, and the weighted average number of ordinary shares circulating outside were 182,108 thousand shares and 182,507 thousand shares, respectively. The relevant calculations are as follows:

	2022	2021
Net profit attributable to equity holders of the Company's ordinary shares	**$ 186,461**	**171,455**
Weighted average number of ordinary shares outstanding (in thousands)	**182,108**	**182,507**
Basic earnings per share (NT$)	**$ 1.02**	**0.94**

2. Diluted earnings per share

The diluted earnings per share for the fiscal year 2022 and 2021 were calculated based on the net profit attributable to the holders of ordinary equity of the company, which were 186,461 thousand yuan and 171,455 thousand yuan, respectively, and the weighted average number of ordinary shares circulating outside after adjusting all potential common stock dilutive effects were 182,821 thousand shares and 182,982 thousand shares, respectively. The relevant calculations are as follows:

	2022	2021
Net profit attributable to equity holders of the Company's ordinary shares (in thousands)	**$ 186,461**	**171,455**
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,507
Effect of employee stock-based compensation (thousands of shares)	713	475
Weighted average number of common shares outstanding (after adjusting for the effect of dilutive potential common shares) (thousands)	**182,821**	**182,982**
Diluted earnings per share (NT$)	**$ 1.02**	**0.94**

(19) Income from customer contracts

1. Breakdown of income

		2022	2021
Main regional markets:			
Mainland China	$	450,820	707,350
India		239,110	315,616
Japan		419,204	460,196
Asia		382,893	427,841
Latin America		500,814	581,522
Other countries		478,215	454,473
	$	2,471,056	2,946,998
Main product/service lines:			
Sewing machine for thin material	$	1,771,110	2,206,833
Sewing machine for thick material		699,946	740,165
	$	2,471,056	2,946,998

2. Contract balance

		Dec. 31, 2022	Dec. 31, 2021
Notes receivable and accounts receivable	$	775,352	1,018,836

		Dec. 31, 2022	Dec. 31, 2021
Contract liabilities	$	22,806	48,054

Please refer to Note 6 (4) 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.

(20) Employee and director and supervisor remuneration

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 2022 and 2021 are 8,434 thousand yuan and 7,581 thousand yuan, respectively, and the estimated amounts of remuneration for directors and supervisors are 3,614 thousand yuan and 3,249 thousand yuan, 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 2022 and 2021 consolidated financial statements of the company.

(21) Non-operating revenue/expense

1. Interest income

A breakdown of the Consolidated Company's interest income for the years 2022 and 2021 is as follows

	2022	2021
Bank Deposit Interest	$ 16,014	22,433

2. Other income

A breakdown of the Consolidated Company's other income for the years 2022 and 2021 is as follows

	2022	2021
Rental income	$ 22,555	20,545
Dividend income	991	871
Government grants	-	700
Other income - Other	12,268	11,575
	$ 35,814	33,691

3. Other benefits and losses

A breakdown of the Consolidated Company's other gains and losses for the years 2022 and 2021 is as follows:

	2022	2021
(Loss) gain on disposal and scrapping of property, plant and equipment	$ (2,107)	2,489
Net foreign currency exchange gain (loss)	127,570	(22,661)
Other	(6,051)	(6,773)
	$ 119,412	(26,945)

4. Financial costsrup

The financial cost breakdown of the Consolidated Company for FY2022 and FY2021 is as follows:

	2022	2021
Interest on bank loans	$ (8,032)	(2,003)
Interest on lease liabilities	(58)	(76)
	$ (8,090)	(2,079)

(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 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, 2022, and 2021, the receivables and accounts receivable from these customers accounted for approximately 36% and 29% 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, 2022, and 2021, the total amount of accounts receivable from the aforementioned customers accounted for 27% and 17% 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
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	-
Dec. 31, 2021							
Non-derivative financial liability							
No interest-bearing liabilities	$ 652,756	652,756	245,747	198,727	208,282	-	-
Lease liabilities	2,946	3,039	93	186	837	1,923	-
Floating Rate Instrument	238,401	239,096	44	138,892	100,160	-	-
	$ 894,103	894,891	245,884	337,805	309,279	1,923	-

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:

	Dec. 31, 2022			Dec. 31, 2021		
	Foreign currency	Exchange Rate	TWD	Foreign currency	Exchange Rate	TWD
Financial assets						
Monetary items						
RMB/NTD	$ 23,438	4.4094	103,349	31,502	4.3415	136,766
USD/NTD	44,168	30.7100	1,356,390	50,256	27.6800	1,391,086
USD/RMB	13,930	6.9646	427,780	20,979	6.3757	580,687
Non-monetary items						
JPY/NTD	103,903	0.2324	24,147	142,803	0.2405	34,344
Financial liabilities						
Monetary items						
USD/NTD	13,197	30.7100	405,280	21,355	27.6800	591,106
USD/NTD	5,898	6.9646	181,143	7,685	6.3757	212,733

(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. If the New Taiwan Dollar depreciates or appreciates by 5% against the US dollar, RMB and Japanese yen on December 31, 2022, and 2021, and all other factors remain unchanged, the net profit after tax in 2022 and 2021 will increase or decrease by 65,055 thousand yuan and 54,896 thousand yuan 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 2022 and 2021 were 127,570 thousand yuan and (22,661) thousand yuan, 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 2022 and 2021 will decrease or increase by 4,523 thousand yuan and 2,639 thousand yuan, 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 and 2021 will increase/decrease by NT$1,207,000 and NT$1,717,000, respectively, 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:

	Dec. 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Overseas Listed (Over-the-Counter) Stocks	$ 24,147	24,147	-	-	24,147

	Dec. 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Overseas Listed (Over-the-Counter) Stocks	$ 34,344	34,344	-	-	34,344

(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 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. For further quantitative disclosure, please refer to the respective notes in the consolidated financial statements.

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, 2022, and 2021, 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.

(24) 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.

(25) Non-cash Investing and Financing Activities

The non-cash investing and financing activities of the consolidated company for the years 2022 and 2021 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 from financing activities are shown in the following table:

			Change in non-cash		
	Jan. 1, 2022	Cash Flow	**Exchange rate changes**	**Changes in Lease Payments**	**Dec. 31, 2022**
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**

			Change in non-cash		
	Jan. 1, 2021	Cash Flow	**Exchange rate changes**	**Changes in Lease Payments**	**Dec. 31, 2021**
Long-term loan	$ 100,000	(100,000)	-	-	-
Short-term loan	-	238,401	-	-	238,401
Lease liabilities	2,881	(978)	(1)	1,044	2,946
Total liabilities from financing activities	**$ 102,881**	**137,423**	**(1)**	**1,044**	**241,347**

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	Substantial Related Parties
GUANLIN Investment Co.	Substantial Related Parties
LIN, PEI-JIA	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	2022	2021
Revenue from sales	Substantial Related Parties	$ 16	161

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		Interest expense	
Type of related party/Name	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Substantial Related Parties— LIN, PEI-JIA	$ 1,463	2,178	30	41

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. Disposal of Property, plant and equipment

	2022		2021	
Type of related party	Disposal price	Gain/Loss	Disposal price	Gain/Loss
Substantial Related Parties－GUANLIN Investment Co.	$ -	-	1,143	689

4.Other

Accounting item	Type of related party	2022	2021
Donation	Substantial Related Parties－KAULIN Foundation	$ 3,000	2,000

(4) Key management personnel transactions

Key management compensation includes

	2022	2021
Short-term employee benefits	$ 21,372	26,862
Benefits after retirement	748	746
	$ 22,120	27,608

8. Pledged assets: None.

9. Significant contingent liabilities and unrecognized contractual commitments: None.

10. Significant Disaster Losses: None.

11. Subsequent Events

In order to align with the long-term development plan of the group and continuously integrate resources, the consolidated company has made a decision on March 23, 2023, approved by the board of directors of the parent company, to dissolve and liquidate its subsidiary, Xilu Latin America Company, and its subsidiary, Yongda Company. The relevant liquidation procedures are expected to commence on June 30, 2023.

On March 23, 2023, the consolidated company proposed the 2022 profit distribution plan, please refer to Note 6 (17) for details.

12. Others

(1) The employee benefits, depreciation, depletion and amortization expense functions are summarized as follows:

Function / Nature	2022			2021		
	Operating Costs	**Operating expenses**	**Total**	**Operating Costs**	**Operating expenses**	**Total**
Staff Welfare Costs						
Salary Costs	230,458	144,579	375,037	263,705	136,233	399,938
Health Insurance Costs	4,333	11,203	15,536	4,352	10,255	14,607
Pension costs	9,244	5,675	14,919	9,586	4,793	14,379
Other staff benefit costs	16,901	6,819	23,720	27,554	6,388	33,942
Depreciation expense (Note)	42,906	22,851	65,757	45,979	18,502	64,481
Amortisation charge	412	5,999	6,411	505	6,893	7,398

Note: Depreciation expenses for investment properties are reported as a deduction from other income. The amounts reported as deductions from other income for the periods from January 1 to December 31, 2022, and 2021, are NT$2,418,000 and NT$2,368,000, respectively.

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 2022 is as follows:

1. Lending to others: None.
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	3	1,871,141 (Note 1)	153,549	153,549	153,549	-	4.10%	3,742,282 (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, 2022.

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):

Unit: NT$ thousands/股

Holding Company	Type and Name of Marketable Securities	**Relationship with issuers of marketable securities**	Financial statement account	End of term				**Maximum shareholding ratio in the period**	Remark
				Number of shares	Carrying amount	Shareholding ratio	Fair value		
KAULIN Co.	JUKI Co. Ltd.	None	Financial assets measured at fair value through other comprehensive income – non-current	168,400	24,147	0.56 %	24,147	-%	Note 1

Note 1: The fair value is based on the closing price and exchange rate as at 31 December 2022.

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 Co.	SIRUBA Latin America	Subsidiary	Sales	(331,183)	(16) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	50,015	6%	
KAULIN Co.	Ningbo KAUYIN Co.	Sub-Subsidiary	Import	1,665,202	84 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(356,940)	(96)%	
KAULIN Co.	SIRUBA Vietnam	Subsidiary	Sales	(161,101)	(8) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	176,467	20%	
SIRUBA Latin America	KAULIN Co.	Parent company	Import	331,183	100 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(50,015)	100%	
Ningbo KAUYIN Co.	KAULIN Co.	The ultimate parent company	Sales	(1,665,202)	(72) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	356,940	75%	
SIRUBA Vietnam	KAULIN Co.	Parent company	Import	161,101	98 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(176,467)	(99)%	

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**		
KAULIN Co.	SIRUBA Vietnam	Subsidiary	176,467	1.21%	-		19,940	-
Ningbo KAUYIN Co.	KAULIN Co.	The ultimate parent company	356,940	3.68%	-		356,940	-

Note 1: The above transaction amounts have been offset in the preparation of the consolidated financial statements.

Note 2: As of March 23, 2023.

9. Engaged in derivatives trading: None.

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 Co.	SIRUBA Latin America	1	Accounts receivable - related parties	50,015	In accordance with the terms of the contract	1.00%
0	KAULIN Co.	SIRUBA Latin America	1	Sales revenue	331,183	In accordance with the terms of the contract	13.00%
0	KAULIN Co.	SIRUBA Vietnam	1	Accounts receivable - related parties	176,467	In accordance with the terms of the contract	4.00%
0	KAULIN Co.	SIRUBA Vietnam	1	Sales revenue	161,101	In accordance with the terms of the contract	7.00%
0	KAULIN Co.	Ningbo KAUYIN Co.	1	Accounts receivable - related parties	356,940	In accordance with the terms of the contract	8.00%
0	KAULIN Co.	Ningbo KAUYIN Co.	1	Accounts receivable - related parties	18,452	In accordance with the terms of the contract	-%
0	KAULIN Co.	Ningbo KAUYIN Co.	1	Inventory	15,377	In accordance with the terms of the contract	-%
0	KAULIN Co.	Ningbo KAUYIN Co.	1	Sales revenue	57,434	In accordance with the terms of the contract	2.00%
0	KAULIN Co.	Ningbo KAUYIN Co.	1	Cost of goods sold	1,649,825	In accordance with the terms of the contract	67.00%

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 2022 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	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 Co.	SIRUBA Singapore	Singapore	Investments, Holdings	1,089,612	1,089,612	2,000,000	100.00%	1,696,123	100.00%	86,463	77,074 Note 3	Subsidiary
〃	SIRUBA Latin America	United States	Sales of industrial sewing machines	50,468	50,468	300	100.00%	146,502	100.00%	63	63	Subsidiary
〃	SIRUBA Vietnam	Vietnam	Sale of industrial sewing machines	9,381	9,381	-	100.00%	(15,010)	100.00%	(11,219)	(11,219)	Subsidiary
SIRUBA Latin America	Young Da LLC	United States	General investment	61,420 (USD2,000) (Note 1)	61,420 (USD2,000) (Note 1)	-	100.00%	65,410	100.00%	1,180	-	Subsidiary

Note 1: Converted based on the exchange rate of USD 1: NTD 30.71 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.

(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)	Investments at end of period Carrying Value	As of the end of this period Repatriated to Taiwan Investment income (Note 2,3)
					Export	Take back							
Ningbo KAUYIN Co.	Manufacture and sale of industrial sewing machine parts, accessories and equipment.	1,120,915 (USD36,500)	(1)	336,275 (USD10,950)	-	-	336,275 (USD10,950)	86,530	100.00%	100.00%	77,140	1,685,635	894,648 (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 30.71.

Note 4: The above amounts have been offset in the preparation of the consolidated financial statements.

Note 5: The paid-in capital of Ningbo Gaoyin Company includes the earnings reinvestment and merger amount of the original Gaolin Electromechanical Industry (Shenzhen) Co., Ltd., totaling USD 25,550,000.

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
336,275 (USD10,950)	1,120,915 (USD36,500)	2,245,369

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 December 31, 2022, 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 2022 and 2021 can be referenced from the consolidated statement of comprehensive income for 2022 and 2021.

(2) Information by Product and Service

The consolidated company's revenue from external customers is as follows:

Name of product and service	2022	2021
Sewing machine for thin material	$ 1,771,110	2,206,833
Sewing machine for thick material	699,946	740,165
Total	**$ 2,471,056**	**2,946,998**

(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	2022	2021
Revenue from external customers:		
China	$ 450,820	707,350
India	239,110	315,616
Japan	419,204	460,196
Asia	382,893	427,841
Latin America	500,814	581,522
Other countries	478,215	454,473
Total	$ 2,471,056	2,946,998

Region	Dec. 31, 2022	Dec. 31, 2021
Non-current assets:		
China	$ 333,407	355,913
Asia	864,992	878,904
Latin America	50,026	48,370
Total	$ 1,248,425	1,283,187

Non-current assets include properties, plants and equipment, 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:

	2022		2021	
	Amount	Estimated percentage of net sales revenue	Amount	Estimated percentage of net sales revenue
Cline A	$ 503,234	20%	569,873	19%
Client B	$ 322,471	13%	526,554	18%

5. Auditor's Report on the Recent Annual Parent Company Only Financial Statements:

Stock Code: 1531

KAULIN MFG. CO., LTD.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

Address：11F, No. 128, Sec. 3, Minsheng East Road, Song Shan District, Taipei

Tel：(02)2713-0232

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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, 2022 and 2021, the Statement of Comprehensive Income as of January 1 to December 31, 2022 and 2021 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, 2022 and 2021 in KAULIN MFG. CO., LTD. and the financial performance and consolidated cash flow of January 1 to December 31, 2022 and 2021 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 2022 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(4) 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.

Other Matters

The financial statements of KAULIN MFG. CO., LTD. for 2021 were audited by another accountant who issued an unqualified audit report on March 24, 2022.

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. 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, 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 2021 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 29, 2023

KAULIN MFG. CO., LTD.

Balance Sheet

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

	Assets	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 785,053	17	659,154	14
1150	Notes receivable (Note 6(3))	3,063	-	14,154	-
1170	Accounts receivable (Note 6(3) and (18))	534,932	12	528,989	11
1181	Accounts receivable－related parties (Note 7)	244,934	5	342,584	7
1200	Other receivables	2,724	-	4,335	-
130X	Inventory(Note 6(5))	268,103	6	133,387	3
1419	Advance payment	8,119	-	6,181	-
1470	Other current assets (Note 6(10))	380	-	349	-
	Total current assets	1,847,308	40	1,689,133	35
	Non-current assets:				
1517	Financial assets measured at FVTOCI - non-current (Note 6(2))	24,147	-	34,344	1
1550	Investment accounted for using the equity method (Note 6(4))	1,827,615	40	2,119,272	44
1600	Property, plant and equipment (Note 6(6))	677,961	15	693,385	15
1755	Right-of-use assets (Note 6(7))	1,429	-	2,144	-
1760	Investment property (Note 6(8))	178,809	4	178,845	4
1821	Other intangible assets (Note 6(9))	4,642	-	3,758	-
1840	Deferred tax assets (Note 6(15))	36,032	1	44,164	1
1990	Other non-current assets(Note 6(10))	339	-	311	-
	Total non-current assets	2,750,974	60	3,076,223	65
	Total assets	**$ 4,598,282**	**100**	**4,765,356**	**100**

	Liabilities and Equity	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(11))	$ 100,000	2	100,000	2
2170	Accounts payable	16,396	-	70,997	1
2180	Accounts payable－Related parties (Note 7)	356,940	8	547,888	11
2200	Other payables (Note 6(13))	81,304	2	80,658	2
2230	Income tax liabilities for the period (Note 6(15))	57,056	1	1,740	-
2280	Lease liabilities - current (Note 6(12))	726	-	714	-
2300	Other current liabilities (Note 6(13))	21,561	1	28,395	1
	Total current liabilities	633,983	14	830,392	17
	Non-current liabilities:				
2581	Lease liabilities - non-current (Note 6(12))	738	-	1,464	-
2570	Deferred income tax liabilities (Note 6(15))	200,499	4	259,377	5
2640	Net defined benefit liability- non-current (Note 6(14))	20,780	1	26,097	1
2670	Other non-current liabilities (Note 6(13))	-	-	535	-
	Total non-current liabilities	222,017	5	287,473	6
	Total liabilities	856,000	19	1,117,865	23
3110	Common shares (Note 6(16))	1,836,081	40	1,836,081	39
3200	Capital reserves	199,599	4	199,595	4
	Retained earnings:				
3310	Legal reserve	734,810	16	717,716	16
3320	Special reserve	202,052	4	199,294	4
3350	Unappropriated retained earnings	959,107	21	920,916	19
		1,895,969	41	1,837,926	39
3400	Other equity	(165,308)	(4)	(202,052)	(4)
3500	Treasury shares	(24,059)	-	(24,059)	(1)
	Total liabilities	3,742,282	81	3,647,491	77
	Total liabilities and equity	**$ 4,598,282**	**100**	**4,765,356**	**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
At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(18) and 7)**	$ 2,085,979	100	2,311,814	100
5000	**Operating cost (Note 6(5) and 7)**	1,858,529	89	2,065,144	89
5900	**Gross profit**	227,450	11	246,670	11
5910	Less: Unrealized sales profit/loss	22,128	1	12,349	1
5920	Add: Realized sales profit/loss	12,349	-	7,796	-
	Gross profit	217,671	10	242,117	10
	Operating expense (Note 6(3), (7), (8), (9) and 7)：				
6100	Promotion expense	60,392	3	53,176	2
6200	Administration expense	96,856	4	84,488	3
6300	R&D expense	45,465	2	43,786	2
6450	Expected credit loss (gain)	(6,798)	-	(7,534)	-
	Total operating expenses	195,915	9	173,916	7
6900	**Net operating profit**	21,756	1	68,201	3
	Non-operating revenue/expense (Note 6(20))：				
7100	Interest income	10,325	-	4,198	-
7010	Other income	13,516	1	12,771	1
7020	Other gains and losses	118,263	6	(15,655)	(1)
7050	Financial costs	(865)	-	(582)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	65,918	3	136,837	6
	Non-operating Total income and expenses	207,157	10	137,569	6
7900	**Net profit before tax**	228,913	11	205,770	9
7950	**Less: Income tax expense (Note 6(15))**	42,452	2	34,315	2
8200	**Net profit for the period**	186,461	9	171,455	7
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss：**				
8311	Remeasurements of defined benefit plan	(1,178)	-	(650)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(10,197)	-	9,777	-
8349	Less: Income tax related to the items which were not reclassified	(2,275)	-	1,825	-
	Total items not reclassified to profit or loss	(9,100)	-	7,302	-
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	56,128	3	(13,225)	-
8399	Less: Income tax related to items that might be reclassified	11,226	1	(2,645)	-
	Total items that might be reclassified to profit or loss later	44,902	2	(10,580)	-
8300	**Other comprehensive income in the fiscal year**	35,802	2	(3,278)	-
	Total other comprehensive income for the period	**$ 222,263**	**11**	**168,177**	**7**
	Earnings per share (NTD)(Note 6(17))				
9750	**Basic (NTD)**	**$**	**1.02**		**0.94**
9850	**Diluted (NTD)**	**$**	**1.02**		**0.94**

(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

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

	Share capital		Retained earnings				Other equity items				
	Common shares	Additional paid-in capital	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 Jan. 1, 2021	$ 1,836,081	199,595	717,716	204,006	781,990	1,703,712	(162,629)	(36,664)	(199,293)	-	3,540,095
Net income for 2021	-	-	-	-	171,455	171,455	-	-	-	-	171,455
Other comprehensive income, 2021	-	-	-	-	(519)	(519)	(10,580)	7,821	(2,759)	-	(3,278)
The total comprehensive income in 2021	-	-	-	-	170,936	170,936	(10,580)	7,821	(2,759)	-	168,177
Appropriation and distribution of earnings:											
Cash dividend for common stock	-	-	-	-	(36,722)	(36,722)	-	-	-	-	(36,722)
Reversal of special reserve	-	-	-	(4,712)	4,712	-	-	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(24,059)	(24,059)
Balance as of Dec. 31, 2021	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 for 2021	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Other comprehensive income, 2021	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802
The total comprehensive income in 2021	-	-	-	-	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**

(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

At Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

	2022	2021
Cash flow from operating activities:		
Net profit before tax in the current period	$ 228,913	205,770
Adjustment Items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	16,643	18,650
Amortization expense	5,436	6,638
Expected credit loss reversal gain	(6,798)	(7,534)
Interest expense	865	582
Interest income	(10,325)	(4,198)
Dividend income	(991)	(871)
Share of profits of subsidiaries, associates, and joint ventures accounted for using the equity method	(65,918)	(136,837)
Loss (gain) on disposal and write-off of property, plant, and equipment	26	(689)
Loss on inventory valuation and write-off	8,477	3,899
Unrealized sales profits	22,128	12,349
Realized sales profits	(12,349)	(7,796)
Unrealized foreign exchange loss (gain)	(19,142)	864
Total income and expense items	(61,948)	(114,943)
Changes in assets/liabilities related to operating activities:		
Decrease (increase) in notes receivable	11,091	(9,373)
Decrease (increase) in accounts receivable	4,043	(143,582)
Decrease (increase) in accounts receivable – related parties	107,763	(196,694)
Decrease in other receivables	1,002	460
Decrease (increase) in inventory	(143,193)	55,845
Decrease (increase) in advance payment	(1,938)	3,047
Increase in other current assets	(31)	(142)
Decrease in notes payable	-	(17)
Decrease in accounts payable	(54,601)	(5,505)
Decrease (increase) in accounts payable-related parties	(184,249)	288,157
Decrease (increase) in other payables	(212)	12,837
Decrease (increase) in other current liabilities	(6,834)	9,218
Decrease in net defined benefit liability	(6,495)	(6,112)
Total adjustment items	(335,602)	(106,804)
Cash inflow (outflow) from operating activities	(106,689)	98,966
Interest received	9,238	4,498
Interest paid	(865)	(582)
Income taxes paid	(45,137)	(249)
Net cash inflow (outflow) from operating activities	(143,453)	102,633
Cash flow from investing activities:		
Cash dividends from long-term equity investments accounted for using the equity method	403,924	-
Acquisition of property, plant and equipment	(494)	(7,761)
Disposal of property, plant and equipment	-	1,143
Increase in refundable deposits	(28)	(5)
Acquisition of intangible assets	(6,320)	(3,403)
Dividends received	991	871
Net cash inflow (outflow) from investing activities	398,073	(9,155)
Cash flow from financing activities:		
Increase in short-term loans	-	100,000
Repayment of long-term borrowings	-	(100,000)
Decrease in deposits received	(535)	-
Repayment of lease principal	(714)	(703)
Issuance of cash dividends	(127,476)	(36,722)
Changes in other capital reserve	4	-
Cost of repurchased treasury stock	-	(24,059)
Net cash outflow from financing activities	(128,721)	(61,484)
Increase in cash and cash equivalents	125,899	31,994
Beginning balance of cash and cash equivalents	659,154	627,160
Ending balance of cash and cash equivalents	**$ 785,053**	**659,154**

(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 31 December 2022 and 2021
(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

This parent company only financial report was approved and published by the board of directors on March 23, 2023.

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, 2022, 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 International Accounting Standard (IAS) 16, "Property, Plant and Equipment - Costs to bring an asset to the intended use"

·The amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets - Costs of fulfilling a contract"

·Annual Improvements to IFRSs 2018-2020 Cycle

·The amendment to IFRS 3, "References to the Conceptual Framework"

(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, 2023, and concluded that they will 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"

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

Newly issued and revised standards and interpretations not yet approved by the FSC that may be relevant to the company include the following:

Newly issued or revised standards	Main revisions	Effective date of board of directors issuance
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	Currently, IAS 1 stipulates that liabilities for which a company does not have an unconditional right to defer settlement for at least twelve months after the reporting period should be classified as current. The amendment deletes the unconditional requirement and replaces it with a requirement that the right exists at the end of the reporting period and is substantive. The amendment also clarifies how to classify liabilities that are to be settled by issuing the company's own equity instruments (such as convertible corporate bonds).	Jan. 1, 2024

The company is continuously assessing the impact of these standards and interpretations on its financial condition and operating results. The impact will be disclosed once the assessment is completed.

The company expects that the following other 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 IAS 1, "Non-current Liabilities with Covenants"

·The amendment to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

·The amendment to IFRS 16, "Provisions for Leaseback Transactions"

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 expressed in NTD is in units of thousands of NTD.

(3) Foreign Currency

1. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated using the exchange rate on the day. Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate on the day when the fair value is measured, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date.

The exchange differences arising from translation are usually recognized in profit or loss, except in 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 New Taiwan Dollars at the exchange rate at the reporting date; income and expense items are translated at the average exchange rate for the period, and the exchange differences arising therefrom are recognized in other comprehensive income.

When disposing of a foreign operation results in loss of control, joint control, or significant influence, the cumulative exchange differences related to the foreign operation are reclassified entirely to profit or loss. When partially disposing of a subsidiary that includes a foreign operation, the related cumulative exchange differences are reattributed to non-controlling interests proportionately. When partially disposing of an investment in associates or joint ventures that includes a foreign operation, the related cumulative exchange differences are reclassified to profit or loss proportionately.

For monetary receivables or payables of foreign operations, if there is no repayment plan and it is unlikely to be repaid in the foreseeable future, the foreign exchange gain or loss arising therefrom is considered a part of the net investment in the foreign operation and is recognized in other comprehensive income.

(4) Criteria for Classification of Assets and Liabilities as Current or Non-current

An asset is classified as current when it satisfies any of the following conditions, and all other assets not classified as current are classified as non-current:

1. It is expected to be realized, or intended to be sold or consumed, within the entity's normal operating cycle;
2. It is primarily held for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it satisfies any of the following conditions, and all other liabilities not classified as current are classified as non-current:

1. It is expected to be settled within the entity's normal operating cycle;
2. It is primarily held for the purpose of trading;
3. It is expected to be settled within twelve months after the reporting period; or

4. The liability for which there is an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of a liability that may, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

(5) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Term deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified 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.

At initial recognition, financial assets are classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument 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

A financial asset is measured at amortized cost if it meets both of the following conditions and is 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 amortized cost using the effective interest method. The amortized cost is the initial recognition amount plus or minus the cumulative amortization calculated using the effective interest method, and any adjustment for any loss allowance. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, gains or losses are recognized in profit or loss.

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

A debt instrument investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

· The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

· 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.

(1) 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.

The estimated useful life for the current and comparative period is 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 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.

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 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) 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 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 information on accounting policies involving significant judgments and having a significant impact on the amounts recognized in this parent company only financial report 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 (3).

6. Explanation of Important Accounting Items

(1) Cash and cash equivalents

	Dec. 31, 2022	Dec. 31, 2021
Cash on hand and working capital	$ 906	1,402
Checks and demand deposits	404,214	203,651
Time deposits in banks	379,933	454,101
Cash and cash equivalents in the cash flow statement	**$ 785,053**	**659,154**

For the disclosure of the interest rate risk and sensitivity analysis of the company's financial assets and liabilities, please refer to Note 6 (21).

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

	Dec. 31, 2022	Dec. 31, 2021
Equity instruments measured at fair value through other comprehensive income or loss:		
Foreign listed stocks - JUKI Corpopration	**$ 24,147**	**34,344**

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 merged company's strategic investments that were not disposed of in the fiscal year 2022 and 2021, accumulated profit and loss during that period, were not transferred within equity.
3. For market risk and fair value information, please refer to Note 6 (21)

(3) Notes receivable and Accounts receivable

	Dec. 31, 2022	Dec. 31, 2021
Notes receivable－Generated from operating activities	$ 3,063	14,155
Accounts receivable－Measured at amortized cost	556,140	556,994
Minus: allowance for loss	21,208	28,006
	$ 537,995	543,143

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 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.

An analysis of the expected credit losses on the Company's notes and accounts receivable is as follows:

	Dec. 31, 2022		
	Carrying amount of	Weighted average expected	Allowance for expected credit losses

	accounts receivable	credit loss ratio	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**

	Dec. 31, 2021		
	Carrying amount of accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period of continuation
Not overdue	$ 466,417	0.01%	47
Within 120 days of expiration	88,673	14.05%	12,462
121~180 days of expiration	39	15.38%	6
181~240 days past due	663	25.04%	166
241~300 days past due	11	27.27%	3
301~360 days past due	48	50%	24
Over 360 days past due	15,298	100%	15,298
	$ 571,149		28,006

The movement of the allowance for losses on notes receivable and accounts receivable is as follows

	2022	2021
Beginning Balance	$ 28,006	35,540
Reversal of impairment losses	(6,798)	(7,534)
Ending Balance	$ 21,208	28,006

At December 31, 2022 and 2021, none of the Company's notes and accounts receivable had been discounted or provided as collateral. (4) Investment accounted for using the equity method

	Dec. 31, 2022	Dec. 31, 2021
Investee subsidiaries		
SIRUBA Investments Singapore (SIRUBA Singapore)	$ 1,696,123	1,983,046
SIRUBA Latin America	146,502	133,152
SIRUBA Vietnam	(15,010)	3,074
	$ 1,827,615	2,119,272

1. The Company's subsidiary, SIRUBA Singapore, resolved to distribute cash dividends of RMB 80,643 thousands on April 6, 2022, by a board resolution. The related dividend amount has been received and is deducted from the investment evaluated by the equity method.
2. As of December 31, 2022, and 2021, none of the company's investments assessed by the equity method have been pledged as collateral.

(5)Inventory

	Dec. 31, 2022	Dec. 31, 2021
Products	$ 19,394	13,505
Finished products	169,193	49,272
Raw Materials	44,868	39,734
Work in progress	30,175	25,534
Inventory in transit	23	612
Other Inventory	4,450	4,730
	$ 268,103	133,387

The cost of goods sold is broken down as follows:

	2022	2021
Cost of inventories sold	$ 1,782,699	1,994,725
Loss on decline in value of inventories	6,702	2,848
Unallocated manufacturing costs (Note)	67,353	66,520
Loss on obsolescence of inventories	1,775	1,051
Total	$ 1,858,529	2,065,144

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, 2022, and 2021, none of the merged company's inventories were provided as pledge collateral.

(6) Property, plant and equipment

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Total
Cost or deemed cost:						
Balance on Jan. 1, 2022	$ 339,580	384,402	44,086	10,471	61,467	840,006
Addition	-	-	-	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
Balance on Jan. 1, 2021	$ 339,580	384,402	44,086	9,340	60,326	837,734
Addition	-	-	-	5,668	2,093	7,761

Disposal	-	-	-	(4,537)	(952)	(5,489)
Balance on Dec. 31, 2021	**$ 339,580**	**384,402**	**44,086**	**10,471**	**61,467**	**840,006**
Depreciation:						
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**
Balance on Jan. 1, 2021	$ -	50,570	20,820	6,720	55,646	133,756
Depreciation	-	9,125	4,358	1,393	3,024	17,900
Disposal	-	-	-	(4,083)	(952)	(5,035)
Balance on Dec. 31, 2021	**$ -**	**59,695**	**25,178**	**4,030**	**57,718**	**146,621**

Carrying amount:						
Dec. 31, 2022	**$ 339,580**	**315,639**	**14,606**	**5,197**	**2,939**	**677,961**
Jan. 1, 2021	**$ 339,580**	**333,832**	**23,266**	**2,620**	**4,680**	**703,978**
Dec. 31, 2021	**$ 339,580**	**324,707**	**18,908**	**6,441**	**3,749**	**693,385**

1. Guarantee

As at 31 December 2022 and 2021, none of the Company's property, plant and equipment had been pledged as security.

(7) Right-of-use asset

	Buildings
Right-of-use asset cost:	
Balance on Dec. 31, 2022 (Beginning Balance)	**$ 3,573**
Balance on Dec. 31, 2021 (Beginning Balance)	**$ 3,573**
Accumulated depreciation and impairment losses on right-of-use assets:	
Balance on Jan. 1, 2022	$ 1,429
Depreciation:	715
Balance on Dec. 31, 2022	**$ 2,144**
Balance on Jan. 1, 2021	$ 715
Depreciation:	714
Balance on Dec. 31, 2021	**$ 1,429**
Carrying amount:	
Dec. 31, 2022	**$ 1,429**
Jan. 1, 2021	**$ 2,858**
Dec. 31, 2021	**$ 2,144**

(8) 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, 2022 (Beginning Balance)	**$ 178,782**	**54,224**	**233,006**

Balance on Dec. 31, 2021 (Beginning Balance)	**$**	**178,782**	**54,224**	**233,006**
Depreciation:				
Balance on Jan. 1, 2022	$	-	54,161	54,161
Depreciation for the year		-	36	36
Balance on Dec. 31, 2022	**$**	**-**	**54,197**	**54,197**
Balance on Jan. 1, 2021	$	-	54,125	54,125
Depreciation for the year		-	36	36
Balance on Dec. 31, 2021	**$**	**-**	**54,161**	**54,161**
Carrying amount:				
Dec. 31, 2022	**$**	**178,782**	**27**	**178,809**
Jan. 1, 2021	**$**	**178,782**	**99**	**178,881**
Dec. 31, 2021	**$**	**178,782**	**63**	**178,845**

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:

	2022	2021
Fair value	**$ 472,164**	**472,164**

As of December 31, 2022, and 2021, none of the merged company's investment properties were provided as pledge collateral.

(9) Intangible assets

		computer software
Cost:		
Balance on Jan. 1, 2022	$	24,725
Obtained separately		6,320
Disposal		(2,979)
Balance on Dec. 31, 2022	**$**	**28,066**
Balance on Jan. 1, 2021	$	23,658
Obtained separately		3,403
Disposal		(2,862)
Reclassification		526
Balance on Dec. 31, 2021	**$**	**24,725**
Amortization:		
Balance on Jan. 1, 2022	$	20,967
Amortisation		5,436
Disposal		(2,979)
Balance on Dec. 31, 2022	**$**	**23,424**
Balance on Jan. 1, 2021	$	17,191
Amortisation		6,638
Disposal		(2,862)
Balance on Dec. 31, 2021	**$**	**20,967**
Carrying amount:		
Dec. 31, 2022	**$**	**4,642**
Dec. 31, 2021	**$**	**3,758**

1. Amortization expense

Amortization expense for intangible assets for the years 2022 and 2021 is reported in the Statement of Comprehensive Income as follows:

		2022	2021
Operating costs	**$**	**-**	**189**
Operating expenses	**$**	**5,436**	**6,449**

2. Guarantee

As at 31 December 2022 and 2021, none of the Company's investment properties were pledged as security.

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

		Dec. 31, 2022	Dec. 31, 2021
Other current assets			
Temporary Payment	$	380	349
Other non-current assets			
Refundable deposits	$	339	311

(11) Short-term loans

		Dec. 31, 2022	Dec. 31, 2021
Unsecured bank loans	$	100,000	100,000
Unused credit	$	400,000	-
Interest Rate Range		1.356%	0.5184%

(12) Lease liabilities

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

		Dec. 31, 2022	Dec. 31, 2021
Current	$	726	714
Non-current	$	738	1,464

For maturity analysis, please refer to Note 6(21) Financial instruments.

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

		2022	2021
Interest expense on lease liabilities	$	30	41
Fees on short-term leases	$	92	-

Leases were recognized in the cash flow statement as follows:

		2022	2021
Total amount of cash outflow from lease	$	(836)	(744)

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.

(13) Other current liabilities and Other non-current liabilities

		Dec. 31, 2022	Dec. 31, 2021
Other payables:			
Salaries and bonuses payable	$	31,673	32,420
Remuneration of staff and directors and supervisors		3,614	10,830
Leave payment payable		5,481	5,526
Commission payable		18,814	15,394
Otthers		21,722	16,488
	$	**81,304**	**80,658**
Other current liabilities:			
Contract liabilities	$	20,467	27,900
Otthers		1,094	495
	$	**21,561**	**28,395**
Other non-current liabilities:			
Deposits received	**$**	**-**	**535**

(14) Employee benefits

1. Defined benefit plan

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

		Dec. 31, 2022	Dec. 31, 2021
Current value of defined benefit obligations	$	56,785	68,053
Fair value of plan assets		(36,005)	(41,956)
Net defined benefit liability	**$**	**20,780**	**26,097**

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 36,005 thousand yuan. 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 merged company for the fiscal year 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligation at 1 January	$ 68,053	67,866
Service cost and interest in the period	548	455
-Actuarial gains and losses arising from changes in demographic assumptions	-	1,432
-Actuarial gains and losses arising from changes in financial assumptions	(2,940)	(632)
Gains and losses arising from prior service costs	7,399	375
Benefits planned to be paid	(16,275)	(1,443)
Defined benefit obligation at 31 December	**$ 56,785**	**68,053**

(3) Changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the merged company for the fiscal year 2022 and 2021 are as follows:

	2022	2021
Fair value of plan assets at 1 January	$ (41,956)	(36,307)
Interest income	(212)	(137)
－Return on plan assets (Excluding current interest)	(3,280)	(525)
Contributions from scheme participants	(6,832)	(6,430)
Benefits paid by the plan	16,275	1,443
Fair value of plan assets at 31 December	**$ (36,005)**	**(41,956)**

(4) Costs recognized in profit or loss

The following is a breakdown of the expenses reported as expenses by the Company for the years 2022 and 2021:

	2022	2021
Service cost in the period	$ 548	455

Net interest on net defined benefit liabilities (assets)	(212)	(137)
	$ 336	318

	2022	2021
Operating costs	$ 49	284
Marketing expenses	15	-
Administration expense	260	34
R&D expenses	12	-
Total	**$ 336**	**318**

(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:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	1.375%	0.500%
Expected growth rate of salary	3.000%	2.750%

The merged company expects to pay a contribution of NT$ 660 thousand to the defined benefit plan within one year after the reporting date of the 2022 fiscal year.

The weighted average duration of the defined benefit plan is 7.9 years.

(6) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted as of December 31, 2022, and 2021, on the present value of defined benefit obligations are as follows:

		Effect on defined benefit obligations	
		Increase by 0.25%	**Decrease by 0.25%**
Dec. 31, 2022			
Discount rate (change 0.25%)	$	(1,120)	1,134
Expected growth rate of salary (change 0.25%)		1,096	(1,071)
Dec. 31, 2021			
Discount rate (change 0.25%)	$	(1,261)	1,298
Expected growth rate of salary (change 0.25%)		1,247	(1,218)

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 retirement pension expenses under the defined contribution pension method of the merged company for the fiscal year 2022 and 2021 are 5,772 thousand yuan and 5,414 thousand yuan, respectively, which have been contributed to the Labor Insurance

Bureau.

(15) Income tax

1. Income tax expense

The breakdown of the Company's income tax expense for the years 2022 and 2021 is as follows:

		2022	2021
Current income tax			
Currently Generated	$	98,518	734
Adjustments for the prior year		3,631	3,799
Deferred income tax			
Occurrence and reversal of temporary differences		(59,697)	29,782
Income tax expense	$	42,452	34,315

The breakdown of the Company's income tax expense recognized under other comprehensive income for fiscal 2022 and 2021 is as follows:

		2022	2021
Items not reclassified to profit or loss:			
Remeasurement of defined benefit plans	$	(236)	(131)
Gains or losses on financial assets measured at fair value through other comprehensive income		(2,039)	1,956
	$	(2,275)	1,825
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operating entities	$	11,226	(2,645)

A reconciliation of the Company's income tax expense (benefit) to net income before income taxes for fiscal years 2022 and 2021 is as follows:

		2022	2021
Net profit before taxation	$	228,913	205,770
Income tax at the Company's domestic tax rate	$	45,783	41,154
Non-deductible expenses		(685)	(1,782)
Tax-exempt income		-	(140)
Adjustment of current income tax in prior years		3,631	3,799
Additions to undistributed earnings		1,180	-
Unrecognized loss carryforward		(4,598)	(5,248)
Unrecognized investment tax credit		(2,859)	(3,468)
Income tax expense	$	42,452	34,315

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 income tax liabilities:

	Dec. 31, 2022			
	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	-	-	4,159	4,159
Unrealised redemption benefits	-	4,564	-	4,564
	$ 259,377	(63,037)	4,159	200,499

	Dec. 31, 2021			
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Undistributed earnings of subsidiaries	$ 232,009	27,368	-	259,377
	$ 232,009	27,368	-	259,377

Deferred tax assets:

	Dec. 31, 2022			
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Financial assets measured at fair value through other comprehensive income or loss	$ 7,211	-	2,039	9,250
Exchange differences on translation	7,067	-	(7,067)	-
Defined benefit plans	10,803	(1,299)	236	9,740
Bonus for untaken leave	1,105	(8)	-	1,097
Loss on decline in value of inventories	9,779	1,340	-	11,119
Unrealised exchange gain or loss	5,298	(5,298)	-	-
Other	2,901	1,925	-	4,826
	$ 44,164	(3,340)	(4,792)	36,032

	Dec. 31, 2021			
	Beginning Balance	Debit/Loan Statement	Debit/credit to other comprehensive income statement	Ending Balance
Financial assets measured at fair value through other comprehensive income or loss	$ 9,167	-	(1,956)	7,211
Exchange differences on translation	4,422	-	2,645	7,067
Defined benefit plans	11,896	(1,224)	131	10,803
Unused holiday bonuses	945	160	-	1,105
Loss on decline in value of inventories	9,210	569	-	9,779
Unrealised exchange gains and losses	8,099	(2,801)	-	5,298
Other	2,019	882	-	2,901
	$ 45,758	(2,414)	820	44,164

3. Income Tax Assessment Situation

The company's business income tax settlement has been assessed by the tax collection authorities up to 2020.

(16) Capital and Other Equity

As of December 31, 2022 and 2021, 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. All issued shares have been fully paid up.

1. Common shares

The adjustment table for the number of the company's shares in circulation for the years 2022 and 2021 is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Number of shares outstanding at the beginning of the period	$ 182,108	183,608
Treasury shares	-	(1,500)
	$ 182,108	182,108

2. Capital reserves

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

	Dec. 31, 2022	Dec. 31, 2021
Share premium on issue	$ 85,553	85,553

Consolidation premium	114,042	114,042
Change in other capital reserves	4	-
	$ 199,599	199,595

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 2022, the amount is NT$4,000 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

	2021		2020	
	Allotment Rate ($)	**Amount**	**Allotment Rate ($)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.70	$ 127,476	0.20	36,722

On 23 March 2023, the Company's Board of Directors proposed the appropriation of earnings for the year 2022 and the amount of dividends to be distributed to owners is as follows:

	2022	
	Allotment Rate ($)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.80	$ 145,686

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 Stocks

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, 2022, 1,500,000 repurchased shares that have not been cancelled are still held.

The treasury shares held by the company are not allowed to be pledged in accordance with securities trading laws and do not have shareholder rights until they are transferred.

5. Other Equity (Net Amount After Tax)

		Exchange differences on translation	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 arising on translation of net assets of foreign operating entities		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)
Balance on Jan. 1, 2021	$	(162,629)	(36,664)	(199,293)
Exchange differences arising on translation of net assets of foreign operating entities		(10,580)	-	(10,580)
Financial assets measured at fair value through other comprehensive income Unrealized gains or losses		-	7,821	7,821
Balance on Dec. 31, 2021	$	(173,209)	(28,843)	(202,052)

(17) Earnings per share

The calculations of the Company's basic and diluted earnings per share are as follows:

1. Basic earnings per share

		2022	2021
Net profit attributable to equity holders of the Company's ordinary shares	$	186,461	171,455
Weighted average number of ordinary shares outstanding (in thousands)		182,108	182,507
Basic earnings per share	$	1.02	0.94

2. Diluted earnings per share

	2022	2021
Net profit attributable to equity holders of the Company's ordinary shares	$ 186,461	171,455
Weighted average number of ordinary shares outstanding (in thousands)	182,108	182,507
Influence of dilutive potential common shares		
Effect of employee stock-based compensation (in thousands)	713	475
Weighted average number of ordinary shares outstanding (after adjusting for the effect of dilutive potential ordinary shares) (thousands of shares)	182,821	182,982
Diluted earnings per share	$ 1.02	0.94

(18) Revenue from customer contracts

1. Breakdown of revenue

The breakdown of the Company's revenue is as follows

	2022	2021
Revenue recognised in respect of customer contracts	$ 2,085,979	2,311,814

2. Contract balance

	Dec. 31, 2022	Dec. 31, 2021	110.1.1
Accounts receivable	$ 534,932	528,989	382,221

	Dec. 31, 2022	Dec. 31, 2021	110.1.1
Contract liabilities	$ 20,467	27,900	18,747

For accounts receivable and its impairment, please refer to Note 6 (4)

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.

(19) Remuneration for Employees, Directors, and Supervisors

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. However, when the company still has accumulated losses, an amount should be reserved in advance for their compensation. The target of the aforementioned employee remuneration in the form of shares or cash includes employees of subsidiary companies who meet certain conditions.

The estimated amounts of employee remuneration for the years 2022 and 2021 are 8,434,000 (in thousands) and 7,581,000 (in thousands), respectively, and the estimated amounts for directors and supervisors are 3,614,000 (in thousands) and 3,249,000 (in thousands), respectively. These amounts are calculated by multiplying the pre-tax net profit for each period, before deducting employee, director, and supervisor remuneration, by the distribution rate set in 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 2022 and 2021.

(20) Non-operating revenue/expense

1. Interest income

The breakdown of the Company's interest income for FY2022 and FY2021 is as follows:

		2022	2021
Interests from bank deposit	$	10,325	4,198

2. Other income

The breakdown of the Company's other income for FY2022 and FY2021 is as follows:

		2022	2021
Rental income	$	11,344	10,860
Dividend income		991	871
Government Grant Income		-	700
Other income－Others		1,181	340
	$	13,516	12,771

3. Other interests and losses

A breakdown of the Company's other gains and losses for the years 2022 and 2021 is as follows:

		2022	2021
Disposal of investment accounted for using the equity method loss	$	(26)	689
Foreign currency exchange gains (losses)		118,354	(16,233)
Others		(65)	(111)
	$	118,263	(15,655)

4. Financial costs

The breakdown of the Company's finance costs for FY2022 and FY2021 is as follows:

		2022	2021
Interests from bank loans	$	(835)	(541)
Interest on Lease liabilities		(30)	(41)
	$	(865)	(582)

(21) Financial instruments

1. Credit Risk

(1) Maximum exposure to credit risk

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

(2) Concentration of credit risk

Our company's credit risk is mainly from some customers located in unstable political and economic environments or areas with foreign exchange control. As of December 31, 2022 and 2021, receivables from such customers account for approximately 35% and 43% of total receivables, respectively.

Our company's credit risk is primarily concentrated in two major customers located in the aforementioned regions. As of December 31, 2022 and 2021, the ratio of total receivables from these customers were 27% and 34%, respectively.

2. Liquidity Risk

The table below shows the contract maturity dates of financial liabilities, including estimated interest but not the impact of netting 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
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 instruments	100,000	100,706	94	180	100,432	-	-
	$ 556,104	**556,834**	**148,581**	**174,458**	**233,051**	**744**	**-**
Dec. 31, 2021							
Non-derivative financial liability							
No interest-bearing liabilities	$ 767,483	652,756	245,747	198,727	208,282	-	-
Lease liabilities	3,198	3,039	93	186	837	1,923	-
Floating rate instruments	239,251	239,096	44	138,892	100,160	-	-
	$ 1,009,932	**894,891**	**245,884**	**337,805**	**309,279**	**1,923**	**-**

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:

	Dec. 31, 2022			Dec. 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
RMB/NTD	$ 23,438	4.4094	103,349	31,502	4.3415	136,766
USD/NTD	44,168	30.7100	1,356,390	50,256	27.6800	1,391,086
USD/RMB	13,930	6.9646	427,780	20,979	6.3757	580,687
Non-monetary items						
JPY/NTD	103,903	0.2324	24,147	142,803	0.2405	34,344
Financial liabilities						
Monetary items						
USD/NTD	13,197	30.7100	405,280	21,355	27.6800	591,106
USD/RMB	5,898	6.9646	181,143	7,685	6.3757	212,733

(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, 2022 and 2021, 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 2022 and 2021 will increase or decrease by 52,723,000 (in thousands) and 39,999,000 (in thousands), respectively.

(3) Exchange gains or losses 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 2022 and 2021 was 118,354,000 (in thousands) and (16,233,000) (in thousands), 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 following sensitivity analysis is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate assets and liabilities, the analysis assumes that the amount of assets and liabilities in circulation on the reporting date will remain in circulation 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 2022 and 2021 will decrease or increase by NT$ 3,042,000 and NT$1,023,000, 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. These equity investments are not held for trading purposes, 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 equity prices rise or fall by 5%, the comprehensive income for the fiscal years 2022 and 2021 will respectively increase or decrease by NT$ 1,207 thousands and NT$ 1,717 thousands due to the change in fair value of financial assets measured at fair value through other comprehensive income.

6. Fair value information

(1) Types of financial instruments and their fair values

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 book values and fair values of various types of financial assets and financial liabilities (including fair value level information, but excluding financial instruments where the book value is a reasonable approximation of the fair value, and lease liabilities, which are not required to disclose fair value information) are as follows:

	Dec. 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTOCI					
Overseas Listed (Over-the-Counter) Stocks	$ 24,147	24,147	-	-	24,147

	Dec. 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTOCI					
Overseas Listed (Over-the-Counter) Stocks	$ 34,344	34,344	-	-	34,344

(2) Fair value measurement techniques for financial instruments

If there is an active market and public quotes for financial instruments, the fair value is determined by the active market's public quote.

(22) Financial Risk Management

1. Overview

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 finance department reports to the board of directors each quarter.

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 staff carry out regular and exception 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) Investment

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) Exchange rate 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.

(23) 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 2022. Please refer to Note 6 (24) in the 2022 parent company only financial statements for related information.

(24) Non-cash investment and financing activities

The non-cash investment and financing activities of our company in the fiscal years 2022 and 2021 are as follows:

1. Obtained the right-of-use assets through leasing, please refer to Note 6 (7).
2. Adjustments to liabilities arising from financing activities are as shown in the table below.

	Jan. 1, 2022	Cash flow	Change in non-cash: Acquisitions	Change in non-cash: Exchange rate movements	Change in non-cash: Changes in fair value	Change in non-cash: Changes in Lease Payments	Dec. 31, 2022
Short-term borrowings	$ 100,000	-	-	-	-	-	100,000
Lease liabilities	2,178	(714)	-	-	-	-	1,464
Total liabilities from financing activities	$ 102,178	(714)	-	-	-	-	101,464

	Jan. 1, 2021	Cash flow	Change in non-cash: Acquisitions	Change in non-cash: Exchange rate movements	Change in non-cash: Changes in fair value	Change in non-cash: Changes in Lease Payments	Dec. 31, 2021
Short-term borrowings	$ -	100,000	-	-	-	-	100,000
Lease liabilities	2,881	(703)	-	-	-	-	2,178
Total liabilities from financing activities	$ 2,881	99,297	-	-	-	-	102,178

7. Transactions with Related Parties

(1) Parent Company and Ultimate Controlling Party

The Company is the ultimate controller of the Company and its subsidiaries.

(2) Names and Relationships of Related Parties

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	Substantial Related Party
Guanglin Investment CO.	Substantial Related Party
LIN, PEI-JIA	Substantial Related Party
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 Transaction with related parties

1. Operating revenue

The Company's significant sales to related parties were as follows:

Accounting item	**Type of related party/name**	**2022**	**2021**
Revenue from sales	Substantial Related Party	**$ 16**	**161**
	Subsidiaries:		
	SIRUBA Latin America	$ 331,183	571,678
	SIRUBA Vietnam	161,101	95,769
	Ningbo KAOYIN Company	57,434	104,776
		$ 549,718	**772,223**

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	2022	2021
Subsidiary:		
Ningbo KAOYIN Company	$ 1,665,202	1,563,573

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	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable	Subsidiaries:		
	SIRUBA Latin America	$ 50,015	211,106
	Ningbo KAOYIN Company	18,452	41,698
	SIRUBA Vietnam	176,467	89,780
		$ 244,934	342,584

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	Dec. 31, 2022	Dec. 31, 2021
Accounts payable	Subsidiary:		
	Ningbo KAOYIN Company	$ 356,940	547,888

5. Disposal of Property, plant and equipment

Type of related party	2022		2021	
	Disposal price	Profit or loss on disposal	Disposal price	Profit or loss on disposal
Substantial Related Party－Guanglin Investment CO.	$ -	-	1,143	689

6. Lease

Type of related party/name	Lease liabilities		Interest expense	
	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Substantial Related Party—LIN, PEI-JIA	$ 1,464	2,178	30	41

The company leased a building from Substantial Related Party in January 2020, the lease term is 5 years, the rent refers to the rent level of similar assets, and pays fixed rent according to the lease agreement on a monthly basis.

7. Others

Accounting item	Type of related party	2022	2021
Donation	Substantial Related Party—KAULIN Foundation	$ 3,000	2,000

(4) Key management personnel transactions

Key management compensation includes:

	2022	2021
Short-term employee benefits	$ 21,372	26,862
Benefits after retirement	748	746
	$ 22,120	27,608

8. Pledged assets: None.

9. Significant contingent liabilities and unrecognized contractual commitments: None.

10. Significant Disaster Losses: None.

11. Significant Post-Balance-Sheet Events

To respond to the Group's long-term development plan and to continuously integrate resources, the Company has simplified the investment structure and optimized the operation management of the subsidiaries. On March 23, 2023, the Board of Directors of the parent company approved the dissolution and liquidation of the subsidiary SIRUBA Latin America and the grandchild company Yongda. The related liquidation procedures are expected to begin on June 30, 2023.

12. Other

(1) The employee benefits, depreciation, depletion and amortisation expense functions are summarised as follows:

Function / Type	2022			2021		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Staff Welfare Costs						
Salary Costs	41,201	103,424	144,625	38,691	96,699	135,390
Health Insurance Costs	4,333	8,206	12,539	4,352	7,697	12,049
Pension costs	1,533	4,575	6,108	1,876	3,856	5,732
Directors' remuneration	-	3,614	3,614	-	3,753	3,753
Other staff benefit expenses	2,015	4,266	6,281	2,282	3,816	6,098
Depreciation expense (Note)	13,244	3,363	16,607	15,304	3,310	18,614
Amortisation charge	-	5,436	5,436	189	6,449	6,638

Note: The depreciation expense of investment property is listed in the deduction of other income. The amounts listed in the deduction of other income as of Dec. 31, 2022, and Dec. 31, 2021, are 36 thousands and 36 thousands, respectively.

Additional information on the number of employees and employee benefit costs for the Company's fiscal years 2022 and 2021 is as follows:

	2022	2021
Number of employees	189	172
Number of directors who are not also employees	2	2
Average employee benefit costs	$ 907	937
Average staff salary costs	$ 773	796
Adjustments to average staff salary costs	(2.89)%	

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) Relevant information about major transaction matters

In 2022, 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: None.

2. Endorsement and guarantee for others:

Unit: NT$1,000

No.	Endorser Company Name	Endorsed by		For a single company Endorsement Guarantee Limit	The highest endorsement in this issue Guaranteed Balance	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	Endorsement Guarantee Maximum limit	Parent company For subsidiaries Endorsement	Subsidiaries For the parent company Endorsement	Endorsement guarantee for mainland China
		Company Name	Relationships										

					(Note 2)				statements (%)		Guarantee	Guarantee	
0	KAULIN MFG.	Ningbo KAOYIN Company	3	1,871,141 (Note 1)	317,503	153,549	153,549	-	4.10%	3,742,282 (Note 3)	Y	N	Y

Note 1: The guarantee and endorsement limit for a single enterprise is limited to 50% of the net value of the most recent audited or reviewed report by the accountant.

Note 2: The related NTD numbers in this table are shown using the exchange rate as of December 31, 2022.

Note 3: The total amount of endorsements and guarantees overall should not exceed the net value limit of the most recent audited or reviewed report by the accountant.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Unit: NT$ thousands /Share

Holding Company	Type and Name of Marketable Securities	**Relationship with issuers of marketable securities**	Financial statement account	End of term				Remark
				Number of shares	Carrying amount	Shareholding %	**Fair value**	
KAULIN MFG.	日本 JUKI CO.	None	Financial assets at fair value through other comprehensive income Non-current	168,400	24,147	0.56 %	24,147	Note 1

Note 1: The fair value is based on the closing price and exchange rate as of December 31, 2022.

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$1,000

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.	SIRUBA Latin America	Subsidiaries	Sales	(331,183)	(16) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	50,015	6%	
KAULIN MFG.	Ningbo KAOYIN Company S-	Subsidiaries	Import	1,665,202	84 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(356,940)	(96)%	
KAULIN MFG.	SIRUBA Vietnam	Subsidiaries	Sales	(161,101)	(8) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	176,467	20%	
SIRUBA Latin America	KAULIN MFG.	Parent company	Import	331,183	100 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(50,015)	100%	
Ningbo KAOYIN Company	KAULIN MFG.	Parent company	Sales	(1,665,202)	(72) %	Subject to availability of funds	Price by appointment	Subject to availability of funds	356,940	75%	
SIRUBA Vietnam	KAULIN MFG.	Parent company	Import	161,101	98 %	Subject to availability of funds	Price by appointment	Subject to availability of funds	(176,467)	(99)%	

8. Related party receivables amounting to at least NT$100 million or 20% of the paid-in capital:

Unit: NT$1,000

Companies with accounts receivable	Transaction counterparty	Relationships	Balance of amounts due from related parties	Turnover rate	Overdue amounts due from related parties		Subsequent recoveries of amounts due from related parties (Note 2)	Allowance for losses
					Amount	Handling		
KAULIN MFG.	SIRUBA Vietnam	Subsidiaries	176,467	1.21%	-		19,940	-
Ningbo KAOYIN Company	KAULIN MFG.	Parent company	356,940	3.68%	-		356,940	-

Note 1: As at 23 March 2023.

9. Engage in derivative transactions: None.

(2) Information about the investment business:

Information on the Company's investees for fiscal 2022 is as follows (excluding Mainland China investees):

Unit: NT$1,000

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 companies (Loss) benefit for the period	Recognized in this issue Investment (loss) gain	Remark
				End of the period	Late last year	Number of shares (1,000 shares)	Ratio %	Carrying amount			
KAULIN MFG.	SIRUBA Singapore	Singapore	Investments, Holdings	1,089,612	1,089,612	2,000,000	100.00%	1,696,123	86,463	77,074 Note 3	Subsidiaries
〃	SIRUBA Latin America	United States	Sales of industrial sewing machines	50,468	50,468	300	100.00%	146,502	63	63	Subsidiaries
〃	SIRUBA Vietnam	Vietnam	Sales of industrial sewing machines	9,381	9,381	-	100.00%	(15,010)	(11,219)	(11,219)	Subsidiaries
SIRUBA Latin America	Young Da LLC	United States	General Investment	61,420 (USD2,000) (Note 1)	61,420 (USD2,000) (Note 1)	-	100.00%	65,410	1,180	-	Subsidiaries

Note 1: Translated at the closing rate of USD1:NTD30.71.

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$1,000

Name of Mainland investee company	Main Business Items	Paid-in capital (Note 3,5)	Investment Approach	Accumulated investment amount remitted from Taiwan at the beginning of the period (Note 3)	Amount of investment remitted or recovered during the period		Accumulated investments remitted from Taiwan at the end of the period (Note 3)	Profit or loss for the period of the investee company	Percentage of the Company's shareholding in direct or indirect investments	Investment gain or loss recognized in the period (Note 2)	Carrying value of investments at the end of the period	Repatriated investment income for the period ended (Note 2,3)
					Remit	Take back						
Ningbo KAOYIN Company	Manufacture and sale of industrial sewing machine parts, accessories and equipment.	1,120,915 (USD36,500)	(1)	336,275 (USD10,950)	-	-	336,275 (USD10,950)	86,530	100.00%	77,140	1,685,635	894,648 (USD29,132)

Note 1: It is invested in mainland companies through reinvestment in existing companies in the third zone.

Note 2: It is calculated based on the audited financial statements of the parent company.

Note 3: The actual paid-in capital, the amount of outbound investment, and the investment income repatriated are converted at a rate of USD1:NTD30.71.

Note 4: The actual paid-in capital of Ningbo KAOYIN Company includes the original Gaolin 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 remittances from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission of the Ministry of Economic Affairs(Note)	Investment quota in Mainland China in accordance with the Investment Commission of the Ministry of Economic Affairs
336,275 (USD10,950)	1,120,915 (USD36,500)	2,245,369

Note: The investment amount approved by the Investment Review Committee includes the original Gaolin Electromechanical Industry (Shenzhen) Co., Ltd.'s retained earnings reinvestment and merger amount of USD 25,550 thousands.

3. Significant transactions between the Company and the companies invested in the Mainland:

For significant transactions directly or indirectly between the Company and the mainland-invested companies from January 1, 2022, to December 31, 2022, please refer to Note 13 (1).

(4) Information of Major Shareholders:

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 major shareholder information in this table is calculated by the Central Securities Depository based on the last business day at the end of each quarter. It calculates shareholders who hold over five percent of the company's completed dematerialized delivery (including treasury shares) of common and preferred shares. As for the capital stock recorded in the company's financial statements and the actual number of shares completed in the company's dematerialized delivery, there may be differences due to different calculation bases.

14. Segment Information

Please refer to the 2022 parent company only financial statements.

KAULIN MFG. CO., LTD.

Cash and cash equivalents Details

Dec. 31, 2022 **Unit: NT$1,000**

Item	Description	Amount
Cash	Petty cash and foreign currency cash	$ 906
Bank deposit		
Demand deposit		115,591
Foreign Currency Deposits	USD8,655,000，@30.71	265,782
	RMB3,415,000，@4.409	15,057
	JPY20,401,000， @0.232	4,741
	EUR93,000， @32.72	3,043
	Subtotal	288,623
Fixed Deposit	USD Fixed Deposit USD9,500,000，@30.710	291,745
	RMB Fixed Deposit RMB20,000,000，@4.409	88,188
	Subtotal	379,933
		$ 785,053

KAULIN MFG. CO., LTD.

Accounts receivable Details

Dec. 31, 2022 **Unit: NT$1,000**

Name of Client	Description	Amount
Non-related:		
A	Businesses	$ 89,935
B	〃	61,715
C	〃	50,919
D	〃	48,196
E	〃	44,062
F	〃	35,326
G	〃	32,152
H	〃	29,084
Others (where the amount is less than 5% of the balance of the account)	〃	164,751
Minus: Allowance for bad debts		21,208
		$ 534,932

Inventory Details

Item	Amount		Note
	Cost	Net realisable value	
Products	$ 19,394	25,244	Note
Finished goods	169,193	218,187	
Raw materials	44,868	117,409	
Work in progress	30,175	30,448	
Inventory in transit	23	23	
Other Inventory	4,450	4,450	
Total	**$ 268,103**	**395,761**	

Note: None of the above inventories are guaranteed or pledged

KAULIN MFG. CO., LTD.

Financial assets measured at fair value through other comprehensive income - non-current variation Details

2022

Unit: NT$1,000

Name	Beginning		Increase		Decrease		End		Provision of guarantee or pledge	Note
	Number of shares	Fair Value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair Value		
JUKI CO.	168,400	$ 34,344	-	-	-	10,197	168,400	24,147	No	Note

Note: The decrease in the current period represents the change in fair value.

KAULIN MFG. CO., LTD.

Investment accounted for using the equity method variation Details

2022 **Unit: NT$1,000**

Name	Beginning balance		Increase		Decrease		Ending balance			Net equity		Provision of guarantee or pledge
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Holding%	Amount	Unit price	Amount	
Investments accounted for using the equity method:												
SIRUBA Singapore	2,000,000	$ 1,983,046	-	117,001 Note 1	-	403,924 Note 2	2,000,000	100.00	1,696,123	-	1,695,259	No
SIRUBA Latin America	300	133,152	-	16,347 Note 3	-	2,996 Note 4	300	100.00	146,503	-	152,864	〃
SIRUBA Vietnam	-	3,074	-	627 Note 5	-	18,712 Note 6	-	100.00	(15,011)	-	(6,028)	〃
Total		$ 2,119,272		133,975		425,632			1,827,615		1,842,095	

Note 1: The increase of 117,001 thousands this period is due to an investment gain of 77,847 thousands and an exchange difference adjustment of 39,154 thousands from the conversion of financial statements of foreign operating entities.
Note 2: The decrease of 403,924 thousands this period is due to the repatriation of profits from the subsidiary.
Note 3: The increase of 16,347 thousands this period is due to the exchange difference adjustment from the conversion of financial statements of foreign operating entities.
Note 4: The decrease of 2,996 thousands this period is due to investment losses.
Note 5: The increase of 627 thousands this period is due to the exchange difference adjustment from the conversion of financial statements of foreign operating entities.
Note 6: The decrease of 18,712 thousands this period is due to investment losses.

KAULIN MFG. CO., LTD.

Accounts payable Details

Dec. 31, 2022 **Unit: NT$1,000**

Name of Client	Description	Amount
A	Businesses	$ 7,259
B	〃	2,559
C	〃	1,094
D	〃	943
Others (where the amount is less than 5% of the balance of the account)	〃	4,541
		$ 16,396

Short-term loans Details

Type	Creditor	Ending balance	Term	Interest rate(%)	Limit	Mortgage or guarantee	Note
Credit loan	China Export Bank	**$ 100,000**	2022/8/10~ 2023/8/10	1.356%	**400,000**		Note

Note: The facilities include unutilised facilities from other banks.

KAULIN MFG. CO., LTD.

Operating revenue Details

2022 **Unit: NT$1,000**

Item	Number of units (thousands)	Amount
Sewing machine for thin material	89,421	$ 1,435,896
Sewing machine for thick material (Note)	3,470	654,315
Less: Sales returns and discounts	-	4,232
Net operating revenue		$ 2,085,979

Note: The amount of each item does not exceed 5% of the amount in this account.

KAULIN MFG. CO., LTD.

Operating costs Details

2022 **Unit: NT$1,000**

Item	Amount
Raw materials, stock in transit and other inventories at the beginning of the period	$ 76,800
Add: Incoming materials for the period	323,455
Less: Raw materials, inventories in transit and other inventories at the end of the period	(81,294)
Sales of raw materials	(1,182)
Transferred expenses	(721)
Direct raw material consumption	317,058
Direct labour	8,683
Manufacturing costs	5,929
Production costs	331,670
Add: Work in progress at the beginning of the period	30,846
Less: Work in progress at the end of the period	(30,448)
Cost of finished goods	332,068
Add: Finished goods at the beginning of the period	59,172
Purchases during the period	174,255
Less: Finished goods at end of period	(187,277)
Transferred expenses	(117)
Cost of goods sold of finished goods	378,101
Opening merchandise	15,467
Add: Current period's purchases	1,480,096
Less: Merchandise at end of period	(24,682)
Transferred expenses	(112)
Cost of goods sold	1,470,769
Cost of raw materials sold	1,182
Loss on decline in value of inventories	6,702
Loss on obsolescence of inventories	1,775
	$ 1,858,529

KAULIN MFG. CO., LTD.

Promotion expense Details

2022 **Unit: NT$1,000**

Item	Amount
Salary	$ 26,616
Freight	11,179
Advertising costs	6,802
Export expenses	5,129
Others (amount less than 5% of the balance of the account)	10,666
	$ 60,392

Administration expense Details

Item	Amount
Salary	$ 50,891
Labour costs	13,458
Others (where the amount is less than 5% of the balance of the account)	32,507
	$ 96,856

KAULIN MFG. CO., LTD.

R&D expense Details

2022 **Unit: NT$1,000**

Item	Amount
Salary	$ 25,254
Material costs	7,498
Labour costs	2,610
Insurance premiums	2,402
Amortization	2,138
Others (amount less than 5% of the balance of the account)	5,563
	$ 45,465

6. Difficulties in Financial Turnover and Their Impact on the Company's Financial Condition: None.

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

1. Financial Position

Financial Condition Comparative Analysis (Consolidated): Unit: NT$1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	3,254,355	3,477,671	-223,316	-6.42
Non-current Assets	1,355,851	1,405,352	-49,501	-3.52
Total Assets	4,610,206	4,883,023	-272,817	-5.59
Current Liabilities	645,845	947,636	-301,791	-31.85
Non-current Liabilities	222,079	287,896	-65,817	-22.86
Total Liabilities	867,924	1,235,532	-367,608	-29.75
Share Capital	1,836,081	1,836,081	-	-
Capital Surplus	199,599	199,595	4	-
Retained Earnings	1,895,969	1,837,926	58,043	3.16
Other Equity	-165,308	-202,052	36,744	18.19
Treasury Stock	-24,059	-24,059	-24,059	-
Total Equity	3,742,382	3,647,491	94,891	2.60

1. Major reasons and the impact of significant changes in assets, liabilities, and shareholders' equity in the past two years: The changes in current liabilities, non-current liabilities, and total liabilities are primarily due to (1) a decrease in accounts payable as a result of reduced purchases in the current year and (2) a decrease in deferred income tax liabilities generated by undistributed earnings in subsidiary companies due to a decrease in retained earnings.
2. Response Plan: There have been no significant changes in assets, liabilities, and shareholders' equity in the past two years. The Company will continue to focus on reducing the cost of capital, maintaining a sound financial structure, and ensuring sufficient reserves for operating cash flow, while adhering to risk management principles.

2. Financial Performance

(1) Comparative Analysis of Financial Performance:

Comparative Analysis of Operating Results (Consolidated): Unit: NT$1,000

Item\Year	2022	2021	Amount of Increase (Decrease)	Rate of Increase (Decrease) %
Operating Revenue	2,471,056	2,946,998	-475,942	-16.15
Operating Costs	2,026,501	2,416,015	-389,514	-16.12
Gross Profit	444,555	530,983	-86,428	-16.28
Operating Expenses	348,327	315,104	33,223	10.54
Operating Profit	96,228	215,879	-119,651	-55.43
Non-operating Income and Expenses	163,150	27,100	136,050	502.03
Profit Before Tax	259,378	242,979	16,399	6.75
Income Tax Expense (Benefit)	72,917	71,524	1,393	1.95
Net Profit (Loss) for the Year	186,461	171,455	15,006	8.75
Net Profit Attributable to the Company's Owners	186,461	171,455	15,006	8.75
Earnings Per Share (Note)	1.02	0.94	0.08	8.51

1. Explanation of Differences: (1) The decrease in operating profit is mainly due to the decline in the Company's performance caused by factors such as the variant virus, the Russia-Ukraine conflict, high inflation, and climate change in the current year. Additionally, factors such as reduced reversals of allowance for doubtful accounts compared to the previous year and salary adjustments contribute to the decrease in operating profit. (2) The increase in non-operating income and expenses is primarily due to an increase in foreign exchange gains caused by exchange rate fluctuations in the current year. 2. Anticipated sales quantity, its basis, and potential impact on the Company's future financial operations and response plan: The Company has always focused on its core business, and there have been no significant changes in its operations. Detailed forecasts and monitoring of market developments for the upcoming year have been conducted. Response plans for any potential impacts on financial operations are discussed and resolved through regular business unit meetings and board meetings to ensure the steady growth of the Company's anticipated sales quantity.

Note: Calculated based on the weighted average number of shares outstanding.

(2) Analysis of Gross Profit Change: There were no significant changes in gross profit margin in the current year.

3. Cash Flow

(1) Analysis of Liquidity in the Past Two Years (Consolidated):

Year / Item	2022	2021	Percentage of Increase or Decrease (%)
Cash Flow Ratio (%)	25.02	-	-
Cash Flow Adequacy Ratio (%)	56.71	60.54	-6.33%
Cash Reinvestment Ratio (%)	0.62	-0.68	191.18%
Explanation of Changes in Ratios: The cash flow ratio and cash reinvestment ratio increased: The increase in operating cash flow from a decrease in accounts receivable contributed to the improvement in the cash flow ratios. The company has sufficient cash, and its short-term debt repayment and reinvestment capabilities are adequate.			

(2) Remedial Measures for Cash Shortage and Liquidity Analysis: None

(3) Analysis of Cash Liquidity in the Coming Year (Consolidated)

Unit: NT$1,000

Initial cash balance at the beginning of the period (A)	Estimated full year net cash flow from operating activities (B)	Projected annual cash outflow (C)	Estimated surplus (shortfall) of cash (A)+(B)−(C)	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
1,170,341	500,000	500,000	1,170,341	-	-
1. Analysis of Cash Liquidity in the Coming Year: Operating Activities: It is mainly expected that net cash inflows generated from the company's operating income in 2023. Financing Activities: It is mainly expected to distribute cash dividends for the year 2022. 2. Remedial Measures for Expected Cash Shortage and Liquidity Analysis: None.					

4. Impact of Significant Capital Expenditures on Financial Operations in the Recent Year: None.

5. Analysis of the Company's Recent Year's Investment Policy, the Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year:

Unit: NT$1,000

Explanation / Item	Policy	Amount of Profit (Loss)	Main Reasons for Profit (Loss)	Improvement Plans	Investment Plans for the Coming Year
SIRUBA America Co.	Engaging in the Sales of Industrial Sewing Machines	63	Effective management by the operating team	-	-
SIRUBA Vietnam Co.	Engaging in the Sales of Industrial Sewing Machines	-11,219	Exchange rate fluctuations resulting in exchange losses	When quoting prices to customers in business units, a careful evaluation of exchange rate trends is conducted. Taking into account the potential impact of exchange rate fluctuations, a more conservative exchange rate is used as the basis for pricing, minimizing the impact of exchange rate fluctuations on the profit of existing orders.	-
SIRUBA Singapore Investment Co.	Investment and Holding	86,463	Effective management by the operating team	-	-
Ningbo Kaulin YINGCHIEN E&M Co.	Engaging in the Manufacturing, Assembly, and Sales of Industrial Sewing Machines and Components	86,530			-
Yongda Co.	General Investment Business	1,180			-

6. Risk Assessment

(I) The impact of changes in interest rates, exchange rates, and inflation on the company's profits and losses and future response measures:

1. Interest rate changes:
(1) The impact on the company's profit and loss: The company's exposure to the cash flow risk of interest rate changes mainly comes from the bank deposits with floating interest rates. Therefore, changes in the market interest rate will change the effective rate of these financial products and cause fluctuations in their future cash flows.
(2) Future response measures: The current market interest rate remains low, and the company's borrowing needs are not great, so it is less affected by interest rate fluctuations.
2. Exchange rate changes:
(1) The impact on the company's profit and loss: The exchange rate risk generated by the company due to purchases or sales priced in non-functional currencies. The company's policy is to adopt natural hedging operations, so changes in the market exchange rate will change the fair value of these financial products.

(2) Future response measures:
A. When quoting customers, business units first make a cautious assessment of exchange rate trends, taking into account the possible impact of exchange rate changes, and use a more conservative exchange rate as the basis for quotations to minimize the impact of the appreciation and depreciation of the New Taiwan Dollar on the profit of received orders.
B. Continuously collect relevant information on exchange rate changes, fully grasp domestic and foreign exchange rate trends, and timely assess whether to convert or continue to hold foreign currency assets to avoid the risk of exchange rate changes.
C. The company has established a "Procedure for the Acquisition or Disposal of Assets" in accordance with the "Rules for the Acquisition or Disposal of Assets by Publicly Issued Companies", to regulate derivative financial product transactions, further perfect the internal control system, and evaluate exchange rate trends. It appropriately holds liabilities in weak currencies to reduce the US dollar exposure.
3. Inflation situation:
(1) The impact on the company's profit and loss: minimal.
(2) Future response measures: will respond and adjust according to the changing trends.
(II) The policies of engaging in high-risk, high-leverage investment, lending to others, endorsing guarantees and derivative product trading, the main reasons for profit or loss, and future response measures:

1. The company focuses on its main business operations, adopts conservative and stable financial policies, and prohibits engaging in high-risk, high-leverage investments.
2. The company's endorsement for others in the recent fiscal year and up to the date of the annual report: The company endorsed a loan of US$5,000,000 for its subsidiary Ningbo Kaulin Silver Arrow Electromechanical Co., Ltd. due to its operational capital needs. The process was conducted according to the "Endorsement Guarantee Procedure", and the joint guarantee liability was released on March 20, 2023.
3. The company's situation of lending money to others in the recent fiscal year and up to the date of the annual report: As of March 31, 2023, the company's overdue receivables from the Vietnam subsidiary exceeded three months, amounting to USD 3,694,163.04 @30.45=NTD 112,487,265. This has reached a level that needs to be reported to the board of directors for resolution. On May 11, 2023, the board of directors decided to classify the amount as a loan. From the date of the board's resolution, it is required to make an announcement, transfer to appropriate accounting items, calculate interest income, and formulate a repayment plan.

4. The situation of the company engaging in derivative trading in the most recent fiscal year and up to the date of the annual report:

	Contract Amount (in thousands of NT dollars)		Currency	Maturity Period
Purchase of Forward Foreign Exchange	NTD USD	59,760/ 2,000	NTD/USD	2023.02.02~2023.05.02

For the current year ending with the printing of the annual report in 2023, the net income from the fair value changes recognized in financial assets included in profit or loss amounted to NT$1,790 thousand, recorded under the "Other Income and Loss" category.

(III) Future research and development plans and expected research and development costs:

The company adheres to the corporate philosophy of honesty, professionalism, and innovation. As the industrial sewing machine market continues to grow and evolve, it continues to invest in product research costs and nurture industrial sewing equipment design talent. It recruits R&D personnel to participate in the development and innovative design of sewing equipment, spreading the beauty of sewing around the world.
The company promotes industry-university cooperation projects and student off-campus internship programs to strengthen the interaction and connection between academic research and industry development. It integrates academic research and development capabilities into the industry, cultivates talents needed for the sewing industry through school units in advance, and increases cooperation opportunities between the industry and academia, promoting the development of the entire sewing industry.
It is expected to invest in more than 40 R&D personnel and related development assistants, invest in the design and development of oil-free/micro-oil mechanical structures, green structure and electronic control design development, automated/semi-automated sewing equipment development, IoT intelligent and digital sewing equipment development, sewing auxiliary accessory development, specialized multi-axis servo and stepper electromechanical integrated control system development, etc. The estimated annual R&D expenses are about 95 million dollars.

(IV) The impact of important domestic and foreign policies and legal changes on the company's financial business and countermeasures: The company usually pays close attention to domestic and foreign political and economic situations, major policy and legal changes, and arranges personnel to receive professional course training as needed. It also has legal advisors who can be consulted at any time.

(V) The impact of technological changes and industry changes on the company's financial business and countermeasures: The company can timely grasp and utilize the technology pulse of related industries, and all technical developments are centered on market trends, which is sufficient to cope with the impact of technological changes and industry changes.

(VI) The impact of corporate image changes on corporate crisis management and countermeasures: The company has always adhered to the business philosophy of honesty and pragmatism, values corporate image and risk control, and there are no foreseeable crisis issues.

(VII) Expected benefits and possible risks of mergers and acquisitions: None.

(VIII) Expected benefits and possible risks of expanding factories: Not applicable.

(IX) Risks faced by centralized purchasing or sales: The company's purchasing and sales targets are as disclosed in this report's operation overview section. Currently, there is no excessive concentration. However, considering the future growth trends of the company and the industry, diversification should still be appropriately adopted to diversify purchase sources and sales targets in order to maintain balanced and stable operating results.

(X) The impact and risk of the company due to the large transfer or change of equity of directors or shareholders who hold more than 10% of shares: None.

(XI) The impact and risk of changes in control of the company: None.

(XII) Significant litigation, non-litigation, or administrative disputes that the company, company directors, supervisors, general managers, actual responsible persons, shareholders who hold more than 10% of shares, and subsidiaries have been definitively judged or are still pending, and the results of which may have a significant impact on shareholder rights or securities prices: None.

(XIII) Other significant risks: None.

7. Other important matters: None.

VIII. Special notes:

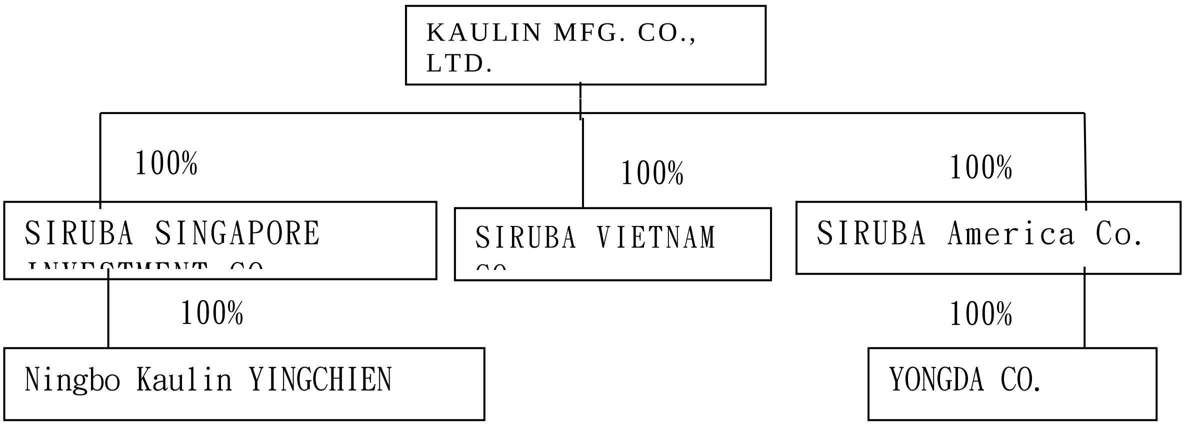
1. Information on related enterprises:

(1) Consolidated business reports of related enterprises

1. Overview of related enterprises

(1) Organizational chart of related enterprises

A. Organizational chart



B. Summary of Related Company Organizations

The Company (Parent Company) was established on October 5, 1965, and its main business is the manufacturing, assembly, and sales of various industrial sewing machines and their components.

The Parent Company was listed on the Over-the-Counter market on June 2, 1999, and subsequently listed on the Taiwan Stock Exchange on September 11, 2000.

Subsidiary Company SIRUBA America Co., in which the Parent Company holds a 100% equity stake, was established in March 1991 in the United States. It is primarily engaged in the trading, maintenance, and import-export business of industrial sewing machines and components.

Subsidiary Company SIRUBA Singapore Investment Co., in which the Parent Company holds a 100% equity stake, was established in August 1997. It serves as a holding company for the Parent Company's indirect investment in Ningbo Kaulin YINGCHIEN E&M Co. (Ningbo Kaulin YINGCHIEN Company) in mainland China. Since the Parent Company has direct control over the personnel, finance, and business operations of that company, Kaulin Company is considered its substantive control company.

Subsidiary Company Kaulin YINGCHIEN E&M Co. was established in March 2005 in the People's Republic of China. It is primarily engaged in the manufacturing, assembly, and sales of industrial sewing machine parts, accessories, and equipment.

Subsidiary Company Yongda Co., in which the Parent Company holds a 100% equity stake, was established in June 2012 in the United States. It is primarily engaged in general investment business.

Subsidiary Company SIRUBA Vietnam Co., in which the Parent Company holds a 100% equity stake, was established in September 2019 in Vietnam. It is primarily engaged in the trading, maintenance, and import-export business of industrial sewing machines and components.

(2) Names, establishment dates, addresses, paid-in capital, and main business activities of each related company.

Unit: NT$1,000

Company 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 East Road, Songshan District, Taipei City	1,850,081	Manufacturing, assembly, and sales of industrial sewing machines and their components
SIRUBA America Co.	March 1991	11380 NW 36th TERRACE, DORAL, FL33178, United States.	10,332	Sales of industrial sewing machines
SIRUBA Singapore Investment Co.	August 1997	190 Middle Road #17-05 Fortune Centre, Singapore 188979	38,378	Investment and holding
Ningbo Kaulin YINGCHIEN E&M Co.	March 2005	No. 16 Longtanshan Road, Beilun District, Ningbo City	1,218,912	Manufacturing, assembly, and sales of industrial sewing machines and their components
Yongda Co.	June 2012	11380 NW 36th TERRACE, DORAL, FL33178, United States.	58,456	General investment business
SIRUBA Vietnam Co.	September 2019	No. B5, D4, Cau Giay New Urban Area, Dich Vong Ward, Cau Giay, Hanoi, Vietnam.	9,381	Sales of industrial sewing machines

(3) Presumed Controlled and Subsidiary Relationships: None

(4) Industries covered by the overall related companies' business operations and the interrelated nature of their business activities should be explained.

Company Name	Control (Subsidiary) Company	Control (Subsidiary) Relationship	Business Operations and Division of Labor among Related Companies
KAULIN MFG. CO., LTD.	Controlling Company	-	Manufacturing, assembly, and sales of various industrial sewing machines and their components
SIRUBA America Co.	Subsidiary Company	Equity control	Trading, maintenance, and import-export business of industrial sewing machines and components
SIRUBA Vietnam Co.	Subsidiary Company	Equity control	Trading, maintenance, and import-export business of industrial sewing machines and components
SIRUBA Singapore Investment Co.	Subsidiary Company	Equity control	Holding company for indirect investment in mainland China
Ningbo Kaulin YINGCHIEN E&M Co.	Subsidiary Company	Equity control	Manufacturing, assembly, and sales of various industrial sewing machines and their components
Yongda Co.	Subsidiary Company	Equity control	General investment business

(5) Directors, Supervisors, and President of Each Related Company and their Shareholding or Contribution Information

May 2, 2023

Company Name	Title	Name or Representative	Number of Shares Held	
			Number of Shares/ Contribution Amount from Limited Companies	Shareholding/Contribution Percentage (%)
KAULIN MFG. CO.,	Chairman	HONGLIN INVESTMENT CO.	43,263,015	23.56%
LTD.		LIN CHEN, YA-ZI	2,587,412	1.41%
	Director	HONGLIN INVESTMENT CO.	43,263,015	23.56%
		HONGLIN INVESTMENT CO. Rep: LIN,	6,483,205	3.53%
	Director	SHENG-ZHI	43,263,015	23.56%
		HONGLIN INVESTMENT CO.	6,583,205	3.59%
	Director	HONGLIN INVESTMENT CO. Rep: LIN,	43,263,015	23.56%
		PEI-JIA	14,899	0.01%
	Independent	HONGLIN INVESTMENT CO.	0	0.00%
	Director	HONGLIN INVESTMENT CO. Rep:	0	0.00%
	Independent	CHEN, YI-FENG	0	0.00%
	Director	LIN, SHENG-SHENG	6,483,205	3.53%
	Independent	YANG, ZHI-LUN		
	Director	HUANG, LI-TING		
	President	LIN, SHENG-ZHI		
SIRUBA America Co.	Director	KAULIN MFG. CO., LTD. Rep: LIN, SHENG-ZHI	300	100.00%
SIRUBA Singapore Investment Co.	Director Director Director Director Director	KAULIN MFG. CO., LTD. Rep: LIN CHEN, YA-ZI KAULIN MFG. CO., LTD. Rep: LIN, SHENG-ZHI KAULIN MFG. CO., LTD. Rep: LIN, PEI-JIA KAULIN MFG. CO., LTD. Rep: LIN, YU-ZHEN KAULIN MFG. CO., LTD. Rep: ZHONG, XIU-JIN	2,000,000	100.00%
SIRUBA Vietnam Co.	Director	KAULIN MFG. CO., LTD. Rep: LIN, PEI-JIA	The Contribution Amount is US$ 300 thousand.	100.00%
Ningbo Kaulin YINGCHIEN E&M Co.	Chairman Director Director	SIRUBA Singapore Investment Co. Rep: CHEN, WEN-BIN SIRUBA Singapore Investment Co. Rep: LI, LONG-DA SIRUBA Singapore Investment Co. Rep: LIN, SU-E	The Contribution Amount is US$36,500 thousand	100.00%
Yongda Co.	Director	SIRUBA America Co. Rep: LIN, SHENG-ZHI	The Contribution Amount is US$2,000 thousand	100.00%

2. Overview of Related Companies' Operations

KAULIN MFG. CO., LTD.
Overview of Each Related Companies' Operations
Year 2022

Unit: Except for earnings per share in NTD, the rest are in NT$1,000

Company Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating Profit	Net Profit (After Tax)	Earnings per Share (After Tax)
KAULIN MFG. CO., LTD. (Consolidated)	1,836,081	4,610,206	867,924	3,742,282	2,471,056	96,228	186,461	1.02
SIRUBA Singapore Investment Co. (Consolidated)	38,378	2,088,531	393,272	1,695,259	2,305,269	86,370	86,463	43.23
SIRUBA America Co. (Consolidated)	10,332	204,987	52,123	152,864	369,274	1,651	63	210
SIRUBA Vietnam Co.	9,381	171,515	177,543	-6,028	119,630	-4,280	-11,219	0

Note: Calculation of earnings per share: Net Profit (After Tax) / Number of Shares = Earnings per Share
For example, KAULIN MFG. CO., LTD. Net Profit is NT$186,461 thousand / 182,507 thousand shares = 1.02
SIRUBA America Co. Net Profit is NT$63 thousand / 300 shares = 210
SIRUBA Singapore Investment Co. Net Profit is NT$86,463 thousand / 2,000,000 shares = 43.23
SIRUBA Vietnam Co. issued shares separately

3. Related Company Consolidated Operating Report: Not applicable, please refer to the Statement of Related Company Consolidated Financial Statements.
4. Related Company Consolidated Financial Statements: Not applicable, please refer to the Statement of Related Company Consolidated Financial Statements.
5. Related Reports: Not applicable, please refer to the Statement of Related Company Consolidated Financial Statements.

2. For the most recent fiscal year and up to the date of printing the annual report, the disclosure of private placements of securities should include the date and amount approved by the shareholders' meeting or board of directors, the basis and reasonableness of price determination, the method of selection of specific individuals, and the necessity of conducting the private placement: None.

3. For the most recent fiscal year and up to the date of printing the annual report, the holdings or disposals of the Company's stock by subsidiaries: None.

4. Other necessary supplementary explanations: None.

IX. For the most recent fiscal year and up to the date of printing the annual report, there were no significant matters that had a significant impact on shareholders' equity or securities prices as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act.

KAULIN MFG. CO., LTD.

Chairman: LIN CHEN, YA-ZI