

股票代號:1531



112

股|東|常|會|議|事|手|冊
Annual Meeting of Shareholders

SIRUBA

召開方式:實體股東會

時間:中華民國一十二年六月三十日上午九時三十分

地點:桃園市桃園區國際路一段246號(本公司桃園廠)

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I. KAULIN MFG. CO., LTD.

Procedure for the 2023 Annual Meeting of Shareholders

- 1. Call the Meeting to Order**
- 2. Chairperson Remarks**
- 3. Management Presentation (Company Reports)**
- 4. Proposals**
- 5. Elections**
- 6. Discussion**
- 7. Questions and Motions**
- 8. Adjournment**

II. KAULIN MFG. CO., LTD.

Agenda of 2023 Annual Meeting of Shareholders

TIME: 9:30 a.m. on Friday, June 30, 2023

PLACE: No. 246, Sec. 1, Guoji Rd., Taoyuan Dist., Taoyuan City (Taoyuan Plant)

1. Call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation (Company Reports):
 - (1) 2022 Business Report
 - (2) 2022 Audit Committee's Review Report
 - (3) Report on the 2022 Distribution of Compensation for Employees and Directors
4. Proposals:
 - (1) Adoption of the 2022 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2022 Profits
5. Elections:
 - (1) Election of seven directors of the Company (including four independent directors)
6. Discussion:
 - (1) Proposal of Release the Prohibition on New Directors from Participation in Competitive Business
7. Questions and Motions.
8. Adjournment.

Management Presentation (Company Reports)

Report No. 1

2022 Business Report ◦

Explanation:

The Company's 2022 Business Report is attached as [pages 9-10, Attachment 1](#).

Report No. 2

2022 Audit Committee's Review Report ◦

Explanation:

The Company's Audit Committee's Review Report on 2022 Financial Statements is attached as [pages 11, Attachment 2](#).

Report No. 3

Report on the 2022 Distribution of Compensation for Employees and Directors ◦

Explanation:

1. In accordance with Article 23 of the Company's Articles of Incorporation.
2. The 12th Compensation Committee Meeting of the 4th term of the Company was convened on March 23, 2023. It was approved to allocate NT\$8,433,629 for employee compensation in accordance with 3.5% of the pre-tax net profit for 2022, and NT\$3,614,413 for director compensation in accordance with 1.5% of the pre-tax net profit for 2022. Both amounts will be distributed in cash.

Proposals:**Proposal 1 (Proposed by the Board):**

Adoption of the 2022 Business Report and Financial Statements

Explanation:

Please refer to **pages 12-30** of this handbook (**Attachment 3**) for the parent company only financial statements and consolidated financial statements for the Company's fiscal year 2022. They have been audited by Certified Public Accountants, XU, YU-FENG and KOU, HUI-ZHI Kou from KPMG. The accompanying business report has been approved by the Board of Directors and can be found on **pages 9-10** of this handbook (**Attachment 1**). The Audit Committee has reviewed and issued an audit report, which can be found on **page 11** of this handbook (**Attachment 2**). Please proceed for adoption.

Resolution:**Proposal 2 (Proposed by the Board):**

Adoption of the Proposal for Distribution of 2022 Profits

Explanation:

1. The distribution of profits for the Company's fiscal year 2022 has been proposed by the Board of Directors, with an allocation of NT\$145,686,464 for cash dividends to shareholders from distributable profits.
2. The cash dividends will be distributed at NT\$0.80 per share based on the shareholder registry on the record date. The record date and authorization for the Board of Directors to determine the exact dividend distribution will be decided upon the approval of this shareholder meeting. Subsequently, if there are changes in the total number of outstanding shares that affect the dividend distribution rate, the Board of Directors will be authorized by the shareholders' meeting to make necessary adjustments and carry out relevant changes.
3. The proposed profit distribution table of for the Company's fiscal year 2022 is presented as follow. Please proceed for adoption.

Resolution:

KAULIN MFG. CO., LTD.
2022 PROFIT DISTRIBUTION TABLE

Unit: NT\$

Beginning undistributed earnings		\$ 773,588,515
Add (less):		
Recognized actuarial gains/losses on defined benefit plans in retained earnings	(942,605)	
Net profit after tax for the current period	186,461,195	185,518,590
Available distributable earnings		959,107,105
Add (less):		
Allocation to legal reserve (10%)	(18,551,859)	
Reversal of special reserve in accordance with the law	36,744,780	18,192,921
Current period available distributable earnings		977,300,026
Distribution items		
Shareholder dividends (cash dividend of NT\$0.80 per share)	(145,686,464)	(145,686,464)
Ending undistributed earnings		\$ 831,613,562

Note:

1. The distribution of earnings in this period is based on the earnings for the year 2022.
2. The calculation of cash dividends in this period is rounded to the nearest dollar, with amounts below one dollar being disregarded. Any fractional amount less than one dollar will be adjusted in descending order, starting from the decimal point, and sequentially by account number, until the total cash dividend distribution is reached.

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

Elections:

Proposal 1 (Proposed by the Board):

Election of seven directors of the Company (including four independent directors)

Explanation:

1. The current term of the directors (including three independent directors) will expire on June 23, 2023, and a comprehensive election will be held at this shareholder meeting.
2. In accordance with Article 14 of the Company's Articles of Incorporation, it is proposed to elect seven directors (including four independent directors) at this shareholder meeting. The nomination period for directors and independent directors is from March 27, 2023, to April 6, 2023, and nominations should be submitted at the Company's Sustainable Development Committee. The qualifications and election of independent directors shall comply with relevant laws and regulations, such as the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." Please refer to [pages 43-45](#) of this handbook ([Appendix 3](#)) for the director election procedures of the Company.
3. The newly elected directors and independent directors will take office immediately after the conclusion of the shareholder meeting in which they are elected. Their term will be three years, from June 30, 2023, to June 29, 2026. We kindly request the shareholder meeting to proceed with the election.
4. The election of directors and independent directors of the Company is based on the nomination system, with candidates selected from the nominated list submitted by the shareholders' meeting in accordance with legal requirements. The education, experience, and other relevant information of the candidates nominated and approved by the Board of Directors in accordance with the statutory process are as follows:
5. Please proceed with the election.

Election Result:

KAULIN MFG. CO., LTD.
**List of Candidates for Directors and Independent Directors for the 2023 Annual
General Meeting of Shareholders**

No.	Position	Name	Experience	Current Job	Amount of shares held (unit:share)
1	Director	LIN CHEN, YA-ZI	1 Chairman of KAULIN MFG. CO., LTD. 2 Chairman of DONGYI INVESTMENT CO. 3 Chairman of KAULIN Cultural and Creative Foundation	1 Chairman, KAULIN MFG. CO., LTD. 2 Chairman, DONGYI INVESTMENT CO. 3 Chairman, KAULIN Cultural and Creative Foundation	2,587,412
2	Director	LIN, SHENG-ZHI, Legal representative of Honglin Investment Co. Ltd.	1 General Manager of KAULIN MFG. CO., LTD. 2 Legal Representative of KAULIN MFG. CO., LTD. 3 Director of Xilubao Latin America Company 4 Director of Hierrobos Singapore 5 Director of Yongda Company 6 Chairman of HONGLIN INVESTMENT CO. 7 Chairman of KAOCHEN INVESTMENT CO.	1 General Manager, KAULIN MFG. CO., LTD. 2 Legal Representative, KAULIN MFG. CO., LTD. 3 Director, Xilubao Latin America Company 4 Director, Hierrobos Singapore 5 Director, Yongda Company 6 Chairman, HONGLIN INVESTMENT CO. 7 Chairman, KAOCHEN INVESTMENT CO.	43,263,015
					6,483,205
3	Director	LIN, YU-ZHEN, Legal representative of Honglin Investment Co., Ltd.	1 Chairman of WEILI INVESTMENT CO. 2 CEO of KAULIN Cultural and Creative Foundation 3 Chairman of RUHE Cultural and Creative Foundation	1 Chairman, WEILI INVESTMENT CO. 2 CEO, KAULIN Cultural and Creative Foundation 3 Chairman, RUHE Cultural and Creative Foundation	43,263,015
					2,981,803
4	Independent Director	YANG CHI-LUN	1 Doctor of Laws, China University of Political Science and Law 2 Master of Laws, Soochow University 3 Bachelor of Laws, Fu Jen Catholic University 4 Prosecutor, Taipei District Attorney's Office (2001~2015) 5 CEO and Attorney, Center & Logic Law Firm (2015~present)	1 CEO/Lawyer, Center & Logic Law Firm 2 Independent Director, KAULIN MFG. CO., LTD.	0
5	Independent Director	HUANG LI-TING	Doctor of Information Management, National Central University	1 Associate Professor, Department of Information Management, Chang Gung University 2 Independent Director, KAULIN MFG. CO., LTD.	0
6	Independent Director	LIN SHENG-SHEN	1 38th Term Law Credit Program, NTU 2 Master of Management, Ming Chuan University 3 Accounting Department, Fu Jen Catholic University 4 Assistant Manager, Deputy General Manager, and Director of Securities Underwriting Department, Large Securities Brokerage Firm 5 General Manager and Chairman of Investment Trust 6 Independent Director and Director, LUNG MING GREEN ENERGY TECHNOLOGY ENGINEERING CO., LTD. 7 Independent Director, Da Lue International Holding Co., Ltd.	1 Adjunct Lecturer, Department of Finance, Chinese Culture University 2 Independent Director, KAULIN MFG. CO., LTD. 3 Independent Director, Guanghua-KY Holding Co., Ltd. 4 Independent Director, KINGRAY TECHNOLOGY CO., LTD. 5 Lecturer, Undergraduate Program of Financial Management, Strait College, Minjiang University, Fujian Province, China 6 Director of the 2nd Term, Chinese Association of Independent Directors	0
7	Independent Director	TANG YEN-BO	1 Doctor of Law, Chinese Culture University 2 Master of Business Administration, Chaminade University of Honolulu, USA 3 Professor and President, China University of Technology 4 Chairman, Taipei Hwa Kang Arts School 5 Professor and President, Taipei University of Marine Technology 6 Professor and President, Yu Da University of Science and Technology 7 Professor and President, Chungyu University of Film and Arts 8 Chairman, Taiwan Handicraft Promotion Center 9 Associate Professor, Professor and Head of General Affairs, Department of Business Administration, Chinese Culture University	1 Professor and President, China University of Technology 2 Chairman, Taipei Hwa Kang Arts School	0

1. The director candidate meets the disqualifying criteria under Article 30 of the Company Law.
2. The independent director candidate meets the professional qualifications, the determination of independence, and the limitation on holding concurrent positions as prescribed in the regulations governing the appointment and exercise of powers by independent directors of public companies.

Discussion:**Proposal 1 (Proposed by the Board):**

Proposal of Release the Prohibition on New Directors and Their Representatives from Participation in Competitive Business

Explanation:

The Company proposes to seek approval from the shareholders' meeting to release the prohibition on the new directors and their representatives from participation in competitive business, in accordance with Article 209 of the Company Act. The details are as follows:

Director and their representatives:	Concurrent positions	Title
LIN CHEN, YA-ZI	Singapore Xilubao Investment Company	Director
LIN, SHENG-ZHI, Legal representative of Honglin Investment Co., Ltd.	Singapore Xilubao Investment Company Xilubao Latin America Company Yongda Company	Director Director Director
LIN, YU-ZHEN, Legal representative of Honglin Investment Co., Ltd.	Singapore Xilubao Investment Company	Director

Resolution:**Questions and Motions****Adjournment**

III. Attachment

Attachment 1. 2022 Business Report

1. 2022 Business Report

(1) Implementation Results of the Business Plan

The company's revenue for 2022 was NT\$ 2.08598 billion, with a net profit after tax of NT\$ 18.646 million, and a post-tax net profit rate of 8.94%.

(2) Financial Income and Expense and Profitability Analysis

		Unit: NT\$1,000		
Item\Year		2022	2021	
Income and	Sales revenue	2,085,979	2,311,814	
	Gross profit on sales	227,450	246,670	
	Interest income	10,325	4,198	
	Interest expense	865	582	
	Net income after tax	186,461	171,455	
Profitability	Return on Assets (%)	4.00	3.78	
	Return on equity (%)	5.05	4.77	
	Ratio to paid-in capital (%)	Operating income (loss)	1.18	3.71
		Income (loss) before income tax	12.47	11.21
	Net income (loss) ratio (%)	8.94	7.42	
	Earnings per share (NT\$)	1.02	0.94	

(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.

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.

KAULIN MFG. CO., LTD.

Chairman: LIN CHEN, YA-ZI

Attachment 2. Audit Committee Review Report

KAULIN MFG. CO., LTD.

Audit Committee Review Report

The Board of Directors prepared the 2022 parent company only financial statements (and consolidated financial statement), which were audited by CPA XU, YU-FENG and KOU, HUI-ZHI of KPMG. The CPAs issued an audit report without qualified opinion. After examining the abovementioned documents, the Audit Committee found no discrepancy and issued a report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2023 Annual Shareholders' Meeting

Audit Committee Convener: LIN SHEN-SHENG

Mar .29, 2023

Attachment 3. 2022 Auditor’s Review Report and Financial Statements

Auditor’s Review Report

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

Audit Opinion

KAULIN MFG. CO., LTD. Balance Sheet as of December 31, 2022, and Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flow for the period from January 1, 2022, to December 31, 2022, along with the accompanying notes to the financial statements (including a summary of significant accounting policies), have been audited by our auditors.

In our opinion, the parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and are adequate to present the financial position of KAULIN MFG. CO., LTD. as of December 31, 2022, and the financial performance and cash flows for the period from January 1, 2022, to December 31, 2022.

Basis for Audit Opinion

Our audit was conducted in accordance with the rules of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the auditing standards. Our responsibility under those standards is further explained in the Auditor's Responsibility section of our audit report. The personnel of our firm, to which our auditor belongs, comply with the independence requirements of the professional ethics code and maintain independence from KAULIN MFG. CO., LTD. Our auditor believes that sufficient and appropriate audit evidence has been obtained to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent company only financial statements of KAULIN MFG. CO., LTD. for the year ended December 31, 2022. These matters were addressed in the overall audit of the financial statements and were not presented as separate opinions. The key audit matters we identified and communicated in our audit report are as follows:

1. Impairment of Inventory

For the accounting policy related to inventory impairment, please refer to Note 4(7) - Inventory in the individual financial statements; for accounting estimates and assumptions regarding inventory impairment, please refer to Note 5 in the individual financial statements; for relevant disclosures on inventory, please refer to Note 6(4) in the individual financial statements.

As KAULIN MFG. CO., LTD. operates in a highly mature industry with intense competition, the value of inventory is influenced by the market, and the valuation of inventory is based on the policies and accounting estimates established by management. Given that inventory balances are material to the individual financial statements and involve accounting estimates, the valuation of inventory is considered one of the significant matters that require high attention in the audit of the individual financial statements.

Audit Procedures Performed:

Our audit procedures for the provision for inventory impairment include evaluating the reasonableness of KAULIN MFG. CO., LTD.'s policy and accounting estimates for recognizing inventory write-downs or obsolescence losses in accordance with relevant regulatory guidelines. We reviewed the inventory aging report, analyzed changes in inventory aging, examined inventory sales activity, and evaluated the basis of the net realizable value

used to verify the reasonableness of the estimated inventory provisions. We also assessed whether management has appropriately disclosed relevant items related to inventory provisions.

Other Matters

The parent company only financial statements of KAULIN MFG. CO., LTD. for the year ended 2021 were audited by another auditor, who issued an unmodified opinion on March 24, 2022.

Responsibility of Management and Governance Unit for the Parent Company Only Financial Statements

The responsibility of management is to prepare the parent company only financial statements of KAULIN MFG. CO., LTD. in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal controls related to the preparation of the parent company only financial statements to ensure that they are free from material misstatement due to fraud or error.

In preparing the parent company only financial statements, management's responsibility also includes assessing the ability of KAULIN MFG. CO., LTD. to continue as a going concern, making disclosures on relevant matters, and adopting the going concern basis of accounting, unless management intends to liquidate or cease operations, or unless there are no other practical alternative plans apart from liquidation or cessation of operations.

The governance unit of KAULIN MFG. CO., LTD. (including the audit committee) has the responsibility to oversee the financial reporting process.

Responsibility of the Auditor for the Audit of the Parent Company Financial Statements

The responsibility of the auditor in auditing the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance but is not a guarantee that the audit will always detect material misstatements in the parent company only financial statements. Misstatements may arise from fraud or error. If individual amounts or aggregated amounts of misstatements are reasonably expected to influence the economic decisions of users of the parent company only financial statements, they are considered to be material.

In conducting the audit in accordance with auditing standards, the auditor uses professional judgment and maintains a skeptical mindset. The auditor also performs the following procedures:

1. Identifying and assessing the risks of material misstatement due to fraud or error in the parent company only financial statements, designing and implementing appropriate responses to assessed risks, and obtaining sufficient and appropriate audit evidence as a basis for the audit opinion. The risk of material misstatement due to fraud is generally considered higher than that due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtaining an understanding of the internal control relevant to the audit and designing appropriate audit procedures based on the assessed risks, although the purpose is not to express an opinion on the effectiveness of KAULIN MFG. CO., LTD.'s internal control.
3. Evaluating the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures made.
4. Drawing conclusions on the appropriateness of management's use of the going concern basis of accounting and whether events or conditions exist that may cast significant doubt on KAULIN MFG. CO., LTD.'s ability to continue as a going concern, based on the audit evidence obtained. If the auditor concludes that there is a significant uncertainty related to events or conditions that

may cast significant doubt on the company's ability to continue as a going concern, the auditor must include an explanatory paragraph in the audit report to draw attention to the relevant disclosures in the parent company only financial statements or, if such disclosures are deemed inappropriate, modify the audit opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause KAULIN MFG. CO., LTD. to no longer be able to continue as a going concern.

5. Evaluating the overall presentation, structure, and content of the parent company only financial statements (including the related notes) and whether the parent company only financial statements present transactions and events in a fair manner.
6. Obtaining sufficient and appropriate audit evidence regarding the financial information of investees accounted for using the equity method in order to express an opinion on the parent company only financial statements. The auditor is responsible for the direction, supervision, and performance of the audit engagement and for forming the audit opinion of KAULIN MFG. CO., LTD.

Matters communicated with the Governance Unit include the planned scope and timing of the audit and significant audit findings (including any identified significant deficiencies in internal control).

The auditor also provides the Governance Unit with a statement that personnel within the auditor's firm are independent in accordance with relevant ethical requirements related to independence. The auditor communicates to the Governance Unit all relationships and other matters (including safeguards) that may reasonably be considered to affect the auditor's independence.

The auditor determines the key audit matters for the audit of the parent company only financial statements of KAULIN MFG. CO., LTD. for the year ended 2022 based on matters communicated with the Governance Unit. The auditor includes a description of these matters in the audit report, unless prohibited by law from publicly disclosing specific matters or, in extremely rare circumstances, the auditor decides not to communicate specific matters in the audit report because it is reasonable to expect that the negative impact of such communication would outweigh the public interest enhanced.

KPMG

Auditors:

XU, YU-FENG
KOU, HUI-ZHI

Approval Number of the Tai-Cai-Zheng-Liu-Zi No.0930105495
Securities Authority: Tai-Cai-Zheng-Liu-Zi No.0930106739
March 29, 2023

KAULIN MFG. CO., LTD.

Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ 1,000

Assets	Dec. 31, 2022		Dec. 31, 2021									
Current assets:	Amount	%	Amount	%								
1100 Cash and cash equivalents (Note 6(1))	\$ 785,053	17	659,154	14								
1150 Notes receivable(Note (3))	3,063	-	14,154	-	2100							
1170 Accounts receivable (Note (3), (18))	534,932	12	528,989	11	2170							
1181 Accounts receivable - related parties(Note 7)	244,934	5	342,584	7	2180							
1200 Other receivables	2,724	-	4,335	-	2200							
130X Inventory(Note 6(5))	268,103	6	133,387	3	2230							
1419 Advance payment	8,119	-	6,181	-	2280							
1470 Other current assets(Note 6(10))	380	-	349	-	2300							
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	2581							
1550 Investments accounted for using the equity method (Note 6(4))	1,827,615	40	2,119,272	44	2570							
1600 Property, plant and equipment (Note 6(6))	677,961	15	693,385	15	2640							
1755 Right-of-use assets(Note 6(7))	1,429	-	2,144	-	2670							
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	3110							
1990 Other non-current assets (Note 6(11))	339	-	311	-	3200							
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							
					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(17))			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 liabilities - non-current (Note 6(14))			20,780	1	26,097	1
					2670	Other non-current liabilities			-	-	535	-
					Total non-current liabilities				222,017	5	287,473	6
					Total of liabilities				856,000	19	1,117,865	23
					3110	Capital – common stock(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	Undistributed 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 stocks			(24,059)	-	(24,059)	(1)
					Total of equity				3,742,282	81	3,647,491	77
					Total of liabilities and equity				\$ 4,598,282	100	4,765,356	100

(Please refer to the notes to the parent company only financial statements for details.)

Chairman: LIN CHEN, YA-ZI
Officer: LIN, ZENG-XIN

Manager: LIN, SHENG-ZHI

Accounting

KAULIN MFG. CO., LTD.
Statement of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

		2022		2021	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(19))	2,085,979	100	2,311,814	100
5000	Operating cost (Note 6(5))	1,858,529	89	2,065,144	89
5900	Gross profit	227,450	11	246,670	11
5910	Less: Unrealized gains/losses on sales	(22,128)	1	(12,349)	1
5920	Add: Realized gains/losses on sales	12,349	-	7,796	-
	Gross profit	<u>217,671</u>	<u>10</u>	<u>242,117</u>	<u>10</u>
	Operating expense:				
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 impairment profit/loss	(6,798)	-	(7,534)	-
	Total operating expense	<u>195,915</u>	<u>9</u>	<u>173,916</u>	<u>7</u>
6900	Net operating profit	<u>21,756</u>	<u>1</u>	<u>68,201</u>	<u>3</u>
	Non-operating revenue/expense:				
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
	Total non-operating revenue/expense	<u>207,157</u>	<u>10</u>	<u>137,569</u>	<u>6</u>
7900	Profit (loss) before tax	228,913	11	205,770	9
7950	Less: Income tax benefit (expense)	(42,452)	(2)	(34,315)	(2)
8200	Net profit (loss) for the period	<u>186,461</u>	<u>9</u>	<u>171,455</u>	<u>7</u>
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	(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 components of other comprehensive income that will not be reclassified to profit or loss	(2,275)	-	1,825	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(9,100)</u>	<u>-</u>	<u>7,302</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	56,128	3	(13,225)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	11,226	1	(2,645)	-
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>44,902</u>	<u>2</u>	<u>(10,580)</u>	<u>-</u>
8300	Other comprehensive income for the period	<u>35,802</u>	<u>2</u>	<u>(3,278)</u>	<u>-</u>
	Total other comprehensive income for the period	<u>222,263</u>	<u>11</u>	<u>168,177</u>	<u>7</u>
	Earnings per share (NT\$)				
	Basic earnings per share (Unit: NT\$)	<u>1.02</u>		<u>0.94</u>	
	Diluted earnings per share (Unit: NT\$)	<u>1.02</u>		<u>0.94</u>	

(Please refer to the notes to the parent company only financial statements for details.)

Chairman: LIN CHEN, YA-ZI
Officer: LIN, ZENG-XIN

Manager: LIN, SHENG-ZHI

KAULIN MFG. CO., LTD.
Statement of Change in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

	Share capital		Retained earnings			Total	Other equity items		Total	Treasury stocks	Total equity
	Share capital for ordinary shares	Capital reserves	Legal reserve	Special reserve	Undistrib uted earnings		Exchange difference between foreign operating office's statement	Unrealized gain or loss on financial assets measured at FVTOCI			
Balance on January 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 profit for the period	-	-	-	-	171,455	171,455	-	-	-	-	171,455
Other comprehensive income for the period	-	-	-	-	(519)	(519)	(10,580)	7,821	(2,759)	-	(3,278)
Total other comprehensive income for the period	-	-	-	-	170,936	170,936	(10,580)	7,821	(2,759)	-	168,177
Appropriation and distribution of retained earnings:											
Cash dividends of common stock	-	-	-	-	(36,722)	(36,722)	-	-	-	-	(36,722)
Transfer from special reserve	-	-	-	(4,712)	4,712	-	-	-	-	-	-
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	(24,059)	(24,059)
Balance on December 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 profit for the period	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Other comprehensive income for the period	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802
Total other comprehensive income for the period	-	-	-	-	185,519	185,519	44,902	(8,158)	36,744	-	222,263
Appropriation and distribution of retained earnings:											

Legal reserve appropriated	-	-	17,094	-	(17,094)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,758	(2,758)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(127,476)	(127,476)	-	-	-	-	(127,476)
Other changes in capital reserves	-	4	-	-	-	-	-	-	-	-	4
Balance on December 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 refer to the notes to the parent company only financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN,
SHENG-ZHI

Accounting Officer: LIN, ZENG-XIN

KAULIN MFG. CO., LTD.
Statement of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

	2022	2021
Cash flows from (used in) operating activities:		
Net profit before tax	\$ 228,913	205,770
Items of adjustment:		
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 the profit from subsidiaries, associates and joint ventures accounted for using equity method	(65,918)	(136,837)
Loss/Profit from the disposal and scaping of property, plant and equipment	26	(689)
Inventory valuation and disposal loss (reversal gain)	8,477	3,899
Unrealized gains on sales	22,128	12,349
Realized gains on sales	(12,349)	(7,796)
Unrealized foreign exchange losses (gains)	19,142	864
Total adjustments to reconcile profit (loss)	(61,948)	(114,943)
Changes in operating assets and liabilities:		
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)
Increase (decrease) in accounts payable – related parties	(184,249)	288,157
Increase (decrease) in other payables	(212)	12,837
Increase (decrease) in other current liabilities	(6,834)	9,218

Net decrease in defined benefit liabilities	<u>(6,495)</u>	<u>(6,112)</u>
Total of the adjustment items	<u>(335,602)</u>	<u>(106,804)</u>

KAULIN MFG. CO., LTD.

Statement of Cash Flows

From January 1 to December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
		Unit: NT\$ 1,000
Cash inflow/outflow generated from operating activities	(107,689)	98,966
Interest received	9,238	4,498
Interest paid	(865)	(582)
Income taxes paid	(44,137)	(249)
Cash flows from (used in) operating activities	<u>(143,453)</u>	<u>102,633</u>
Cash flows in investing activities:		
Distribution of earnings from long-term equity investments accounted for using the equity method	403,923	-
Acquisition of property, plant and equipment	(494)	(7,761)
Disposal of property, plant and equipment	-	1,143
Increase in deposits received	(28)	(5)
Acquisition of intangible assets	(6,320)	(3,403)
Dividends received	9921	871
Net cash inflow (outflow) from investment activities	<u>398,073</u>	<u>(9,155)</u>
Cash flows in financing activities:		
Increase in short-term loans	-	100,000
Repayment of long-term loans	-	(100,000)
Decrease in deposits received	(535)	-
Repayment of lease principal	(714)	(703)
Issuance of cash dividends	(127,476)	(36,722)
Other changes in capital surplus	4	-
Cost of treasury stock repurchase	-	(24,059)
Net cash outflow from financing activities	<u>(128,721)</u>	<u>(61,484)</u>
Increase in cash and cash equivalents	<u>125,899</u>	<u>31,994</u>
Beginning balance of cash and cash equivalents	<u>659,154</u>	<u>627,160</u>
Ending balance of cash and cash equivalents	<u>\$ 785,053</u>	<u>659,154</u>

(Please refer to the notes to the parent company only financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Officer: LIN, ZENG-XIN

Auditor's Review Report

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

Audit Opinion

The Balance Sheet of KAULIN MFG. CO., LTD. And its subsidiaries (KAULIN Group) as of December 31, 2022, and Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flow for the period from January 1, 2022, to December 31, 2022, along with the accompanying notes to the financial statements (including a summary of significant accounting policies), have been audited by our auditors.

In our opinion, the consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and issued by FSC and are adequate to present the financial position of KAULIN Group as of December 31, 2022, and the financial performance and cash flows for the period from January 1, 2022, to December 31, 2022.

Basis for Audit Opinion

Our audit was conducted in accordance with the rules of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the auditing standards. Our responsibility under those standards is further explained in the Auditor's Responsibility section of our audit report. The personnel of our firm, to which our auditor belongs, comply with the independence requirements of the professional ethics code and maintain independence from KAULIN Group. Our auditor believes that sufficient and appropriate audit evidence has been obtained to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of KAULIN MFG. CO., LTD. for the year ended December 31, 2022. These matters were addressed in the overall audit of the financial statements and were not presented as separate opinions. The key audit matters we identified and communicated in our audit report are as follows:

1. Impairment of Inventory

For the accounting policy related to inventory impairment, please refer to Note 4(8) - Inventory in the consolidated financial statements; for accounting estimates and assumptions regarding inventory impairment, please refer to Note 5 in the consolidated financial statements; for relevant disclosures on inventory, please refer to Note 6(5) in the consolidated financial statements.

As KAULIN Group operates in a highly mature industry with intense competition, the value of inventory is influenced by the market, and the valuation of inventory is based on the policies and accounting estimates established by management. Given that inventory balances are material to the consolidated financial statements and involve accounting estimates, the valuation of inventory is considered one of the significant matters that require high attention in the audit of the consolidated financial statements.

Audit Procedures Performed:

Our audit procedures for the provision for inventory impairment include evaluating the reasonableness of KAULIN Group's policy and accounting estimates for recognizing inventory write-downs or obsolescence losses in accordance with relevant regulatory guidelines. We reviewed the inventory aging report, analyzed changes in inventory aging, examined inventory sales activity, and evaluated the basis of the net realizable value used to verify the reasonableness of the estimated inventory provisions. We also assessed whether management has appropriately disclosed relevant items related to inventory provisions.

Other Matters

The consolidated financial statements of KAULIN Group for the year ended 2021 were audited by another auditor, who issued an unmodified opinion on March 24, 2022.

KAULIN MFG. CO., LTD. has prepared parent company only financial statements for the years 2022 and 2021, and audit reports with unqualified opinions have been issued by our firm and other auditors, which are available for reference.

Responsibility of Management and Governance Unit for the Consolidated Financial Statements

The responsibility of management is to prepare the consolidated financial statements of KAULIN Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs and to maintain necessary internal controls related to the preparation of the consolidated financial statements to ensure that they are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing the ability of KAULIN MFG. CO., LTD. to continue as a going concern, making disclosures on relevant matters, and adopting the going concern basis of accounting, unless management intends to liquidate or cease operations, or unless there are no other practical alternative plans apart from liquidation or cessation of operations.

The governance unit of KAULIN Group (including the audit committee) has the responsibility to oversee the financial reporting process.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements

The responsibility of the auditor in auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance but is not a guarantee that the audit will always detect material misstatements in the consolidated financial statements. Misstatements may arise from fraud or error. If individual amounts or aggregated amounts of misstatements are reasonably expected to influence the economic decisions of users of the consolidated financial statements, they are considered to be material.

In conducting the audit in accordance with auditing standards, the auditor uses professional judgment and maintains a skeptical mindset. The auditor also performs the following procedures:

1. Identifying and assessing the risks of material misstatement due to fraud or error in the consolidated financial statements, designing and implementing appropriate responses to assessed risks, and obtaining sufficient and appropriate audit evidence as a basis for the audit opinion. The risk of material misstatement due to fraud is generally considered higher than that due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal controls.

2. Obtaining an understanding of the internal control relevant to the audit and designing appropriate audit procedures based on the assessed risks, although the purpose is not to express an opinion on the effectiveness of KAULIN Group's internal control.
3. Evaluating the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures made.
4. Drawing conclusions on the appropriateness of management's use of the going concern basis of accounting and whether events or conditions exist that may cast significant doubt on KAULIN Group's ability to continue as a going concern, based on the audit evidence obtained. If the auditor concludes that there is a significant uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, the auditor must include an explanatory paragraph in the audit report to draw attention to the relevant disclosures in the consolidated financial statements or, if such disclosures are deemed inappropriate, modify the audit opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause KAULIN Group to no longer be able to continue as a going concern.
5. Evaluating the overall presentation, structure, and content of the consolidated financial statements (including the related notes) and whether the consolidated financial statements present transactions and events in a fair manner.
6. Sufficient and appropriate audit evidence has been obtained regarding the financial information of the entities within the group to express an opinion on the consolidated financial statements. Our firm is responsible for the guidance, supervision, and execution of the group audit engagement, and for forming the audit opinion on the group's financial statements.

Matters communicated with the Governance Unit include the planned scope and timing of the audit and significant audit findings (including any identified significant deficiencies in internal control).

The auditor also provides the Governance Unit with a statement that personnel within the auditor's firm are independent in accordance with relevant ethical requirements related to independence. The auditor communicates to the Governance Unit all relationships and other matters (including safeguards) that may reasonably be considered to affect the auditor's independence.

The auditor determines the key audit matters for the audit of the consolidated financial statements of KAULIN Group for the year ended 2022 based on matters communicated with the Governance Unit. The auditor includes a description of these matters in the audit report, unless prohibited by law from publicly disclosing specific matters or, in extremely rare circumstances, the auditor decides not to communicate specific matters in the audit report because it is reasonable to expect that the negative impact of such communication would outweigh the public interest enhanced.

KPMG

Auditors:

XU, YU-FENG

KOU, HUI-ZHI

Approval Number of the Tai-Cai-Zheng-Liu-Zi No.0930105495

Securities Authority: Tai-Cai-Zheng-Liu-Zi No.0930106739

March 29, 2023

KAULIN MFG. CO., LTD. & SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ 1,000

Assets		Dec. 31, 2022		Dec. 31, 2021		Liabilities and equity		Dec. 31, 2022		Dec. 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 1,170,341	26	1,055,332	22	2100	Short-term loans (Note 6(11))	\$ 253,549	5	238,401	5
1136	Financial assets measured at amortized cost - current (Note 6(3))	9,411	-	86,830	-	2130	Contract liabilities - current (Note 6(19))	22,806	-	48,054	1
1150	Notes receivable (Note 6(4))	29,782	1	57,993	2	2170	Notes payable	172,151	4	504,231	6
1170	Accounts receivable (Note 6(4), (19))	745,570	16	960,843	17	2200	Other payables (Note 6(13))	133,807	3	148,525	3
130X	Inventory (Note 6(5))	1,257,923	27	1,221,850	29	2230	Income tax liabilities for the period	61,294	2	6,807	1
1419	Advance payment	36,091	1	87,601	2	2280	Lease liabilities – current (Note 6(12))	1,093	-	1,059	-
1470	Other current assets (Note 6(10))	5,237	-	7,222	-	2399	Other current liabilities – other	1,145	-	559	-
	Total current assets	<u>3,254,355</u>	<u>71</u>	<u>3,477,671</u>	<u>72</u>		Total current liabilities	<u>645,845</u>	<u>14</u>	<u>947,636</u>	<u>16</u>
Non-current assets:						Non-current liabilities:					
1517	Financial assets measured at FVTOCI - non-current (Note 6(2))	24,147	1	34,344	1	2580	Lease liabilities – non-current (Note 6(12))	800	-	1,887	-
1600	Property, plant and equipment (Note 6(6))	974,119	21	994,249	20	2570	Deferred income tax liabilities (Note 16)	200,499	5	259,377	6
1755	Right-of-use assets (Note 6(7))	40,598	1	42,229	1	2640	Net defined benefit liabilities - non-current	20,780	1	26,097	-
1760	Investment property (Note 6(8))	197,881	4	199,955	4	2645	Deposits received	-	-	535	-
1805	Goodwill (Note 6(9))	23,026	-	23,026	-		Total non-current liabilities	<u>222,079</u>	<u>6</u>	<u>287,896</u>	<u>6</u>
1821	Other intangible assets (Note 6(9))	7,878	-	5,105	-		Total of liabilities	<u>867,924</u>	<u>20</u>	<u>1,235,532</u>	<u>22</u>
1840	Deferred tax assets (Note 16))	83,279	2	87,821	2		Equity attributable to owners of parent: (Note 6(17))				
1990	Other non-current assets (Note 6(10))	4,923	-	18,623	-	3110	Capital – common stock	1,836,081	40	1,836,081	38
	Total non-current assets	<u>1,355,851</u>	<u>29</u>	<u>1,405,352</u>	<u>28</u>	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	Undistributed earnings	959,107	21	920,916	20
								<u>1,895,969</u>	<u>41</u>	<u>1,837,926</u>	<u>39</u>
						3400	Other equity	(165,308)	(4)	(202,052)	(3)
						3500	Treasury stocks	(24,059)	(1)	(24,059)	-
							Total of equity	<u>3,742,282</u>	<u>80</u>	<u>3,647,491</u>	<u>78</u>
Total Assets		<u>\$ 4,610,206</u>	<u>100</u>	<u>4,883,023</u>	<u>100</u>	Total of liabilities and equity		<u>\$ 4,610,206</u>	<u>100</u>	<u>4,883,023</u>	<u>100</u>

(Please refer to the notes to the consolidated financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Of

KAULIN MFG. CO., LTD. & SUBSIDIARIES
Consolidated Statement of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

		<u>2022</u>		<u>2021</u>	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(19))	2,471,056	100	2,946,998	100
5000	Operating cost(Note 6(5), (15))	<u>2,026,501</u>	<u>82</u>	<u>2,416,015</u>	<u>82</u>
	Gross profit	<u>444,555</u>	<u>18</u>	<u>530,983</u>	<u>18</u>
	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 expense	45,465	2	43,786	2
6450	(Recersal of) expected credit impairment profit/loss	<u>(7,310)</u>	<u>-</u>	<u>(17,919)</u>	<u>(1)</u>
	Total operating expense	<u>348,327</u>	<u>14</u>	<u>315,104</u>	<u>11</u>
6900	Net operating profit (loss)	<u>96,228</u>	<u>4</u>	<u>215,879</u>	<u>7</u>
	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	<u>(8,090)</u>	<u>-</u>	<u>(2,079)</u>	<u>-</u>
	Total non-operating revenue/expense	<u>163,150</u>	<u>7</u>	<u>27,100</u>	<u>1</u>
7900	Profit before tax	259,378	11	242,979	8
7950	Less: Income tax expense (Note 6(16))	<u>72,917</u>	<u>3</u>	<u>71,524</u>	<u>2</u>
8200	Net profit for the period	<u>186,461</u>	<u>8</u>	<u>171,455</u>	<u>6</u>
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Note 6(16))				
8311	Remeasurement of defined benefit plans	(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 components of other comprehensive income that will not be reclassified to profit or loss	<u>(2,275)</u>	<u>-</u>	<u>1,825</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(9,100)</u>	<u>-</u>	<u>7,302</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Note 6(16))				
8361	Exchange differences on translation	56,128	1	(13,225)	
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>11,226</u>	<u>-</u>	<u>(2,645)</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>44,902</u>	<u>1</u>	<u>(10,580)</u>	
8300	Other comprehensive income for the period	<u>35,802</u>	<u>1</u>	<u>(3,278)</u>	
8500	Total other comprehensive income for the period	<u>222,263</u>	<u>9</u>	<u>168,177</u>	<u>6</u>
	Earnings per share (Note 6(18))				
9750	Basic earnings per share (Unit: NT\$)	<u>1.02</u>		<u>0.94</u>	
9850	Diluted earnings per share (Unit: NT\$)	<u>1.02</u>		<u>0.94</u>	

(Please refer to the notes to the consolidated financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Officer: LIN, ZENG-XIN

KAULIN MFG. CO., LTD. & SUBSIDIARIES
Consolidated Statement of Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

	Share capital for ordinary shares	Capital reserves	Retained earnings			Total	Other equity items		Total	Treasury stocks	Total equity
			Legal reserve	Special reserve	Undistrib uted earnings		Exchange difference between foreign operating office's statement	Unrealized gain or loss on financial assets measured at FVTOCI			
Balance on January 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 profit for the period	-	-	-	-	171,455	171,455	-	-	-	-	171,455
Other comprehensive income for the period	-	-	-	-	(519)	(519)	(10,580)	7,821	(2,759)	-	(3,278)
Total other comprehensive income for the period	-	-	-	-	170,936	170,936	(10,580)	7,821	(2,759)	-	168,177
Appropriation and distribution of retained earnings:											
Cash dividends of common stock	-	-	-	-	(36,722)	(36,722)	-	-	-	-	(36,722)
Transfer from special reserve	-	-	-	(4,712)	4,712	-	-	-	-	-	-
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	(24,059)	(24,059)
Balance on December 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 profit for the period	-	-	-	-	186,461	186,461	-	-	-	-	186,461
Other comprehensive income for the period	-	-	-	-	(942)	(942)	44,902	(8,158)	36,744	-	35,802

(Please refer to the notes to the consolidated financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Officer: LIN, ZENG-XIN

Total other comprehensive income for the period	-	-	-	-	185,519	185,519	44,902	(8,158)	36,744	-	222,263
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	17,094	-	(17,094)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,758	(2,758)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(127,476)	(127,476)	-	-	-	-	(127,476)
Stock premium	-	4	-	-	-	-	-	-	-	-	4
Balance on December 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 refer to the notes to the consolidated financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Officer: LIN, ZENG-XIN

KAULIN MFG. CO., LTD. & SUBSIDIARIES
Consolidated Statement of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

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

KAULIN MFG. CO., LTD. & SUBSIDIARIES
Consolidated Statement of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT\$ 1,000

	<u>2022</u>	<u>2021</u>
Cash inflow/outflow generated 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)
Cash flows from (used in) operating activities	161,575	(228,432)
Cash flows in 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 deposits received	(515)	(2,427)
Acquisition of intangible assets	(9,123)	(3,607)
Increase in prepaid equipment payments	-	(14,531)
Dividends received	991	871
Net cash inflow (outflow) from investment activities	50,600	(28,865)
Cash flows in financing activities:		
Increase in short-term loans	358,800	238,401
Repayment of long-term loans	(343,652)	(100,000)
Decrease in deposits received	(535)	-
Repayment of lease principal	(1,066)	(978)
Issuance of cash dividends	(127,476)	(36,722)
Other changes in capital surplus	4	-
Cost of treasury stock repurchase	-	(24,059)
Cash flows from (used in) financing activities	(113,925)	76,642
Effect of exchange rate changes on cash and cash equivalents	16,759	7,173
Increase (decrease) in cash and cash equivalents	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 refer to the notes to the consolidated financial statements for details.)

Chairman: LIN CHEN, YA-ZI

Manager: LIN, SHENG-ZHI

Accounting Officer: LIN, ZE XIN

VI. Appendices

Appendix 1. Rules of Procedure for Shareholder Meetings

KAULIN MFG. CO., LTD.

Rules of Procedure for Shareholder Meetings

Revised at the shareholders' meeting on August 31, 2021

Article 1 To establish a strong governance system and sound supervisory capabilities for the company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 182-1 of Company Act and Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules of procedures for the company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 (Notice of Shareholders' Meeting and Meeting)
Unless otherwise provided by law or regulation, the company's shareholders meetings shall be convened by the board of directors. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby and shall be distributed on site at the shareholders' meeting. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the

essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

Shareholders holding at least 1% of the total number of issued shares may propose a motion in writing to the Company for an ordinary shareholders' meeting. However, no more than one proposal shall be included in the resolution. However, the Board of Directors may include a proposal from a shareholder to urge the Company to promote the public interest or fulfill its social responsibility. In addition, the Board of Directors may not include a shareholder's proposal in any of the circumstances set forth in Article 172-1, Paragraph 4 of the Company Act. Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- Article 5 (Principles Governing the Place and Time of Shareholders' Meetings)
The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 6 (Preparation of signature books and other documents)
The company shall furnish the attending shareholders and proxies (collectively "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
Shareholders or proxies (collectively "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 7 (Chairman of the Shareholders' Meeting. Attendees)
If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall

mutually select a chair from among themselves.

The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Deposits of audio or video recordings of shareholders' meetings)
The Company shall tape or record the entire meeting of the shareholders and related record shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, , plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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

Article 10 (Discussion)
If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs

(including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Shareholder Speech)

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

Article 12 (Calculation of the number of shares to be voted. Circumvention System)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under

the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

- Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- When the company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- Except as otherwise provided in the Company Act and in the company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.
- When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When

any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the company.

Vote counting shall be conducted in public at the place of the shareholders meeting. And the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the company.

Article 16 (Announcement)

On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintenance of the order of the venue)

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Break)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 2. Articles of Incorporation

KAULIN MFG. CO., LTD.

Articles of Incorporation

Chapter 1 General Provisions

Article 1

This company is organized in accordance with the provisions of the Companies Act, named as KAULIN MFG.CO., LTD.

Article 2

The business that this company operates includes:

1. Processing, manufacturing, assembly and sales of various sewing machines and their components.
2. Casting, processing and sales of milling products.
3. Surface treatment, spray painting and baking of various metal products.
4. Manufacturing and assembly and sales of various transport equipment machine parts.
5. Casting, processing and sales of sewing machine parts.
6. Agency bidding and distribution of products from various domestic and foreign manufacturers.
7. Import and export trade business of the previous products.
8. Except for the licensed business under ZZ99999, other businesses not prohibited or restricted by law can be conducted.

Article 2-1

For the needs of the business, this company can make foreign investments in other businesses, and the total investment amount is not subject to the limit of not exceeding 40% of the company's paid-up capital as per Article 13 of the Company Law.

Article 2-2

For business needs, this company can provide external guarantees.

Article 3

This company has its headquarters in Taipei City and can establish branches in other suitable locations as needed. Their establishment and abolition are decided by the board of directors.

Article 4

The method of announcement of this company shall be handled in accordance with Article 28 of the Companies Act.

Chapter 2 Share

Article 5

The total authorized capital of this company is set at two billion New Taiwan dollars, divided into 200 million shares, each share is one ten New Taiwan dollars. The shares not yet issued are authorized to be issued by the board of directors in stages.

Article 6

The shares issued by this company can be exempted from printing share certificates, and should be registered with the securities central custody and clearing institution, and handled in accordance with its regulations.

Article 7

The handling of the company's share affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 8

The transfer of shares is suspended within sixty days before the annual shareholders' meeting or thirty days before the extraordinary shareholders' meeting or five days before the base date for the company's decision to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 9

There are two types of shareholders' meetings in this company, the annual meeting and the extraordinary meeting. The annual meeting is held once a year and is convened by the board of directors in accordance with the law within six months after the end of each fiscal year, but it is not limited to this if there are legitimate reasons and the competent authority approves it. The extraordinary meeting is convened as necessary in accordance with the law.

When this company's shareholders' meeting is held, it can be done via video conference or other methods

announced by the Ministry of Economic Affairs.

Article 10

If a shareholder cannot attend the shareholders' meeting for any reason, the method of authorizing attendance is handled in accordance with Article 177 of the Companies Act and the "Rules for the Use of Proxy Letters for Attending Shareholders' Meetings of Publicly Listed Companies" promulgated by the competent authority.

Article 11

Each shareholder of this company has one vote per share, but the company has no voting rights in the event of the situation stipulated in Article 179 of the Company Law.

Article 12

Shareholder meetings are convened by the Board of Directors. The chair of the meeting is the Chairman of the Board. If the Chairman is absent or unable to perform his duties, the substitute will act according to the provisions of Article 208 of the Company Law. If the shareholder meeting is convened by an entity other than the Board of Directors, the convening party shall act as the chair. If there are two or more convening parties, they shall mutually select a chair.

Article 13

Unless otherwise stipulated by law, the resolutions of the shareholders' meeting should be attended by shareholders representing more than half of the total issued shares before the meeting can be held. The resolutions are to be adopted with the consent of over half of the voting rights of the attending shareholders.

Chapter 4 Board of Directors and Audit Committee

Article 14

The company has a board of directors composed of seven to nine directors with a term of three years. The election of directors is based on a nomination system, and re-election is allowed. After the election, the board of directors can buy liability insurance for the company's directors and independent directors. The above director seats must have no less than two independent directors, and no less than one-fifth of the total director seats.

The election of independent directors is based on the nomination system. Shareholders and the board of directors who hold more than one percent of the total issued shares can propose a list of director and independent director candidates. After the board of directors reviews and confirms their qualifications, it will be submitted to the shareholders' meeting. Shareholders should elect from the list of director and independent director candidates.

The method of accepting nominations for independent director candidates and the relevant matters for announcement will be handled in accordance with the Company Law and Securities Exchange Law.

Article 14-1

The company can set up an audit committee according to Article 14-4 of the Securities Exchange Act. The audit committee should be composed of all independent directors, with no less than three members, one of whom is the convener, and at least one of them should have accounting or financial expertise.

From the date of establishment of the audit committee, the committee will replace the supervisors and the supervisors will be abolished.

The exercise of powers and other compliance matters of the audit committee will be handled in accordance with relevant laws and regulations, and its organizational rules will be separately stipulated by the board of directors.

Article 15

The board of directors is composed of directors, and a director is elected as the chairman by more than two-thirds of the directors. A vice-chairman can also be elected. The chairman represents the company externally.

Article 16

The duties of the board of directors are as follows:

1. Decision on business plan.
2. Review and approval of important rules and contracts.
3. Establishment and revocation of branch offices.
4. Review and approval of budgets and final accounts.
5. Appointment and dismissal of important staff.
6. Other powers conferred by the Company Law or the resolutions of the shareholders' meeting.

Article 17

Unless otherwise stipulated by the Company Law, the board of directors' meetings are convened by the chairman, who also serves as the chair. In the event that the chairman is on leave or unable to perform his

duties due to any reason, a representative will be assigned in accordance with Article 208 of the Company Law.

The board of directors' meetings should specify the agenda and notify all directors seven days in advance; but in case of emergency, it can be convened at any time.

The notification mentioned in the previous paragraph can be done by mail, fax, or email.

Article 18

Unless otherwise stipulated by the Company Law, the resolutions of the board of directors require the attendance of more than half of the directors and the consent of more than half of the attending directors.

Article 19

If a director cannot attend the board meeting due to any reason, he may delegate another director to attend on his behalf, but a director can only be a proxy for one other director.

Article 19-1

The remuneration of the directors of this company is authorized by the Board of Directors according to the degree of participation and contribution of the directors to the operation of the company and the general level of the industry. If the company makes a profit, it will distribute remuneration according to the provisions of Article 23 of this constitution.

Chapter 5 Managers

Article 20

The company may appoint managers. Their appointment, dismissal, and remuneration shall be handled according to Article 29 of the Company Law.

Chapter 6 Accounting

Article 21

The company's fiscal year is from January 1 to December 31.

Article 22

At the end of each fiscal year, the Board of Directors shall prepare the following lists and submit them to the Audit Committee for review 30 days before the regular shareholder meeting, and then submit them to the regular shareholder meeting for approval:

1. Business report.
2. Financial statements.
3. Proposals for profit distribution or loss compensation.

Article 23

If the company makes a profit for the year, employee and director compensation shall be allocated as follows:

1. Employee compensation of two to eight percent. The company's distribution of employee compensation includes employees of controlled or subsidiary companies that meet certain conditions, as determined by the Board of Directors.
2. Director compensation not exceeding three percent.

The distribution of employee and director compensation shall be decided by a resolution of the Board of Directors, with the attendance and consent of more than two-thirds of the directors. Employee compensation distribution will be reported at the shareholders meeting. However, if the company still has accumulated losses, the amount of the losses should be reserved first.

Article 24

If the company makes a profit for the fiscal year, it shall first pay taxes and make up for losses, then provide 10% for the statutory surplus reserve. If the statutory surplus reserve has accumulated to the amount of the company's capital, this rule will not apply. After the provision or reversal of the special surplus reserve according to the law, if there is still a surplus, the remaining amount is added to the accumulated undistributed profits from previous years. The Board of Directors will propose a distribution plan and ask the shareholders' meeting to decide whether to distribute shareholder dividends or retain them.

Chapter 7 Supplementary Provisions

Article 25

The company's organization regulations and operating rules will be separately defined.

Article 26

Matters not covered in this constitution shall be handled in accordance with the Company Law.

Article 27

The Article was established on September 20, 1965.

First revision was made on June 20, 1967.
Second revision was made on March 15, 1971.
Third revision was made on May 15, 1976.
Fourth revision was made on April 29, 1977.
Fifth revision was made on November 10, 1980.
Sixth revision was made on August 20, 1983.
Seventh revision was made on November 14, 1987.
Eighth revision was made on February 15, 1988.
Ninth revision was made on August 15, 1989.
Tenth revision was made on November 2, 1989.
Eleventh revision was made on December 30, 1989.
Twelfth revision was made on August 15, 1994.
Thirteenth revision was made on February 10, 1995.
Fourteenth revision was made on May 21, 1997.
Fifteenth revision was made on November 16, 1997.
Sixteenth revision was made on June 13, 1998.
Seventeenth revision was made on December 22, 1998.
Eighteenth revision was made on May 22, 1999.
Nineteenth revision was made on June 22, 2000.
Twentieth revision was made on June 15, 2001.
Twenty-first revision was made on June 20, 2002.
Twenty-second revision was made on June 18, 2004.
Twenty-third revision was made on June 17, 2005.
Twenty-fourth revision was made on June 16, 2006.
Twenty-fifth revision was made on June 25, 2008.
Twenty-sixth revision was made on June 19, 2009.
Twenty-seventh revision was made on June 18, 2010.
Twenty-eighth revision was made on June 28, 2016.
Twenty-ninth revision was made on June 15, 2017.
Thirtieth revision was made on June 21, 2019.
Thirty-first revision was made on August 31, 2021.
Thirty-second revision was made on June 24, 2022.

KAULIN MFG. CO., LTD.

Chairman: LIN CHEN, YA-ZI

Appendix 3. Procedures for Election of Directors

KAULIN MFG. CO., LTD.

Procedures for Election of Directors

Revised on June 24, 2020

Article 1

Except as otherwise provided by law and regulation or by the company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2

The election of the directors of this company is conducted at the shareholders' meeting.

Article 3

The Cumulative Single-Record Voting Method shall be used for election of the directors at the company. The name of the elector may be substituted by the shareholder's account number or attendance number printed on the election ballot. Election of Directors of the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The election of directors (including independent directors) adopts the nomination system, and the nominees should follow the nomination system procedures as stipulated by the Company Law. The election ballots for directors are counted separately for independent and non-independent directors.

This company may choose to exercise its voting rights by written or electronic means at the shareholders' meeting.

The shareholders who exercise their voting rights by electronic means should do so on the electronic voting platform designated by the company. The number of voting rights in the preceding paragraph shall be calculated by adding the number of voting rights cast at the shareholders' meeting and the number of electronic voting rights.

Article 4

The ballot is issued by the company, should be numbered and filled with the voting rights of each shareholder.

Article 5

Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

Re;ated personnel should be a shareholder.

Article 6

The number of directors will be as specified in the company's articles of incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 7

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 8

For shareholders, voters must fill in the name of the elected person in the "Elected Person" column on the ballot, and add the shareholder account number or attendance certificate number. If they are not shareholders, they should fill in the name and identity document number of the elected person. However, when the government or a legal person shareholder is the elected person, the "Elected Person" column on the ballot should fill in the name of the government or the legal person; it may also fill in the name of the government or the legal person and the name of its representative.

The name, account number, and identity document number of the elected person in the preceding paragraph can be replaced with a stamp.

Article 9

A ballot is invalid under any of the following circumstances:

1. Those who do not use the ballots specified by this method.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. If the filled-in elected person is a shareholder, their account name or shareholder account number does not match the shareholder register. If the filled-in elected person is not a shareholder, their name and identity document number do not match after verification.
5. Those who write other texts besides the name, account number, and identity document number of the elected person.
6. The filled-in elected person's name is the same as other shareholders but does not indicate the shareholder's account number or identity document number for identification.

Article 10

The election of directors is equipped with a ballot box, which is opened by the vote

monitor after voting.

Article 11

The election of directors is equipped with a ballot box, which is opened by the vote supervisor after voting.

The board of directors of the company shall issue notifications to the persons elected as directors. The candidate shall sign the voluntary consent form.

Article 12

Matters not covered in this method shall be handled in accordance with the Company Law, the articles of association of this company, and other relevant laws and regulations. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 4. Shareholding Status of Directors

KAULIN MFG. CO., LTD.

Shareholding Status of Directors

Closing date: May 2, 2023

Title	Name	Date of election	Term (years)	Shares recorded in the shareholder register on the date of suspension of transfers	
				Shares	Ratio
Corporate Director	HONGLIN Investment Co.	2020.06.24	3	43,263,015	23.56%
	Rept.: LIN CHEN, YA-ZI			2,587,412	1.41%
Corporate Director	HONGLIN Investment Co.	2020.06.24	3	43,263,015	23.56%
	Rept.: LIN, SHENG-ZHI			6,483,205	3.53%
Corporate Director	HONGLIN Investment Co.	2020.06.24	3	43,263,015	23.56%
	Rept.: LIN PEI-JIA			6,583,205	3.59%
Corporate Director	HONGLIN Investment Co.	2020.06.24	3	43,263,015	23.56%
	Rept.: CHEN YI-FENG			14,899	0.01%
Independent Director	LIN SHEN-SHENG	2020.06.24	3	0	0.00%
Independent Director	YANG CHI-LUN	2020.06.24	3	0	0.00%
Independent Director	HUANG LI-TING	2020.06.24	3	0	0.00%
Total				58,931,736	32.25%

Notes:

1. The paid-in capital of this company is NT\$ 1,836,080,800, and the total number of shares issued is 183,608,080.
2. The minimum legal shareholding of all directors is 11,016,484 shares, and the current shareholding is 58,931,736 shares, which has reached the legal shareholding number.

Appendix 5. The Effect of Dividend Distributions Contemplated at the Shareholder Meeting on Company Operating Performance, Earnings Per Share, and Shareholders' Return on Investment

Appendix 6. Information on Director Compensation and Employee Compensation:

The company proposed to distribute director and employee cash remuneration at the board of directors meeting on March 23, 2023, as shown below. The aforementioned will be handled in accordance with relevant regulations after the resolution is passed at the annual shareholders meeting on June 30, 2023.

Item	Directors' remuneration (\$)	Compensation for employees(\$)
Amount proposed by the Board of Directors on March 23, 2023	3,614,413	8,433,629
2022 Estimated in the accounts	3,614,413	8,433,629
Difference	0	0
Reason for discrepancy and explanation: None		