



2025 Annual Shareholders' Meeting

Meeting Handbook (Translation)

May 27, 2025

Time : 9:00 a.m. on Tuesday May 27, 2025

Convening Means: Physical shareholders meeting

Place : 5F, No. 285, Section 4, Zhongxiao East Road, Da'an District, Taipei City (Global Town Business Center)

Note to Readers:

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

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KWONG LUNG ENTERPRISE CO., LTD.
2025 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m. on Tuesday, May 27, 2025

Place : 5F, No. 285, Section 4, Zhongxiao East Road, Da'an District, Taipei
City (Global Town Business Center)

- I. Call the Meeting to Order (report on number of shares represented by the shareholders present at the meeting)
- II. Chairman's Address
- III. Report Items
 - (1) To report the business of 2024
 - (2) Audit Committee's review report
 - (3) To report 2024 earnings distribution
 - (4) To report 2024 Employees' and Directors' compensation
 - (5) To report 2024 Director remuneration
 - (6) To report 2024 related party transactions
- IV. Approval Items
 - (1) To accept 2024 Business Report and Financial Statements
 - (2) To approve the proposal for Distribution of 2024 Profits
- V. Discussion Item
To amend the Company's "Articles of Incorporation".
- VI. Election
To elect the Company's 10th Term of Board of Directors. (Including Independent Directors)
- VII. Other Items
To release the non-competition restrictions on newly elected Directors.
- VIII. Questions and Motions
- IX. Adjournment

【Report Items】

1. To report the business of 2024

Explanation : Please refer to Attachment 1 on page 6~9 of this handbook.

2. Audit Committee's review report

Explanation : Please refer to Attachment 2 on page 10 of this handbook.

3. To report 2024 earnings distribution

Explanation :

- (1) According to Article 20 of the Articles of Incorporation and the resolution of the board of directors on March 11, 2025.
- (2) The cash dividend for common shares in 2024 is NT\$544,056,995 (NT\$ 3.6 per share), and the cash dividend for preferred shares is NT\$744,801 (NT\$ 2.7075 per share).

4. To report 2024 Employees' and Directors' compensation.

Explanation :

- (1) According to Article 19 of the Articles of Incorporation and the resolution of the board of directors on March 11, 2025.
- (2) 2024 Employees' compensation is NT\$32,129,890, Directors' compensation is NT\$25,000,000 are to be distributed in cash. There is no difference between the actual amounts of employees' and Directors' compensation and the amounts recognized in 2024.

5. To report 2024 Director remuneration.

Explanation :

- (1) In accordance with the company's Articles of Incorporation, Director remuneration shall authorize the Board of Directors to pay remuneration according to their degree of participation in the Company's operations and the value of their contribution, and which shall not exceed the salary standard of the highest rank based on the Company's Regulations for Compensation.
- (2) In accordance with the Company's Regulations Governing the Distribution of Remuneration to Directors and Supervisors, when directors and supervisors perform their duties in the Company, regardless of the Company's profits and losses, in addition of receiving a fixed remuneration and transportation allowance, if the Company also has a surplus, in accordance with the Company's Articles of Incorporation, less than 5% will be contributed to the remuneration of directors, and it will be distributed by taking into consideration of the evaluation results of the board's performance.
- (3) The performance evaluation and salary compensation of directors should not only refer to the ordinary level of peers, but also consider the operating results, participation degree (including directors' attendance rate, communication frequency, suggestions, etc.) and their contribution to the company's performance and comprehensively consider the industry's risk-free and development trend, and give reasonable compensation.
- (4) Please refer to Attachment 3 on page 11~12 of this handbook.

6. To report 2024 related party transactions.

Explanation :

In 2024, transactions between related parties that comply with the company's "Rules Governing Financial Operations Between Related Parties." need to be reported to the shareholders' meeting. Please refer to Attachment 4 on page 13~18 of this handbook.

【Approval Items】

1. To accept 2024 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation :

- (1) The Company's Financial Statements were audited by the independent auditors, Mr. Liu Ming-Hsien and Mr. Chao Yung-Hsiang of Deloitte & Touche.
- (2) 2024 Business Report, Independent Auditors' Report and the above-mentioned Financial Statements, please refer to Attachment 1 on page 6~9 and Attachment 5 on page 19~36 of this handbook.

Resolution :

2. To approve the proposal for Distribution of 2024 Profits. (Proposed by the Board of Directors)

Explanation :

- (1) The Board has adopted a proposal for Distribution of 2024 Profits and the proposed dividend to shareholders shall be NT\$ 3.6 per common share and NT\$ 2.7075 per preferred Share A.
- (2) Please refer to Attachment 6 on page 37 of this handbook.

Resolution :

【Discussion Items】

(Proposed by the Board of Directors)

To amend the Company's "Articles of Incorporation".

Explanation :

In accordance with the FSC's order, listed companies should stipulate in their articles of association that a certain percentage of annual profits should be set aside to adjust salaries or distribute remuneration to grassroots employees. The company hereby proposes to amend "Articles of Incorporation". Please refer to Attachment 7 on page 38 of this handbook for details.

Resolution :

【Election】

(Proposed by the Board of Directors)

To elect the Company's 10th Term of Board of Directors. (Including Independent Directors)

Explanation :

- (1) The term of office of the current directors of the Company will expire on May 30, 2025, and a full re-election is planned to be held at this year's regular shareholders' meeting.
- (2) According to Articles of Incorporation, eight Directors (including four Independent Directors) will be elected and the term for which the Directors will hold office shall be three years for the period from May 27, 2025 to May 26, 2028.
- (3) Nominees for Director are as follows:

Position	Name	Education	Experience	Number of shares held
Director	Representative of Ou Li Investment Co., Ltd. Chan Ho-Po	MBA, Chinese Cultural University	<u>experience:</u> 1. Assistant manager of Jianxing Electronic Technology Co., Ltd. 2. Purchasing Manager and Vice General Manager of Down Material Division of KLF. <u>current position:</u> 1. Director of the Taiwan External Trade Development Council.	<u>common share:</u> 12,700,000 shares <u>preferred share:</u> 0 shares

			<p>2.Executive Director of Taiwan Garment Industry Association.</p> <p>3.Chairman of the Taiwan Feather Exporters Association.</p> <p>4. Independent Director of Speed Tech Corp.</p> <p>5. Chairman and CEO of KLF.</p>	
Director	Lee Chao-Fu	MS in Accounting, National Chengchi University	<p><u>experience:</u></p> <p>1.General manager of Lite-On Semiconductor Corp.</p> <p>2.Director of Actron Technology Corp.</p> <p>3.Chairman of Taiwan On-Bright Electronics Incorporated.</p> <p>4.Supervisor of KLF.</p> <p><u>current position:</u></p> <p>Vice Chairman of KLF.</p>	<p><u>common share:</u></p> <p>284,000 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Director	Yueh Sheng Investment Co., Ltd.	NA	<p><u>experience:</u> Director and Supervisor of KLF.</p> <p><u>current position:</u> Director of KLF.</p>	<p><u>common share:</u></p> <p>4,013,000 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Director	Whalen's Company	NA	<p><u>experience:</u> Director of KLF.</p> <p><u>current position:</u> Director of KLF.</p>	<p><u>common share:</u></p> <p>10,000 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Independent Director	Tsai Hsun-Hsiung	PhD in Architecture and Planning Urban Planning, Princeton University School, USA	<p><u>experience:</u></p> <p>1.Chairman of Sinotech Engineering Consultants, Inc.</p> <p>2.Director of Environmental Protection Administration, Executive Yuan</p> <p>3.Deputy Convenor of National Council for Sustainable Development, Executive Yuan</p> <p>4.Convenor of Sustainable Development Section, National Policy Foundation</p> <p>5.Executive and Vice Chairman of National Policy Foundation</p> <p>6.Minister without Portfolio of the Executive Yuan and Taiwan Provincial Chairman</p> <p>7.Minister without Portfolio and Chairman of Council for Economic Planning and Development, Executive Yuan</p> <p>8.Independent director of On-Bright Electronics Incorporated.</p> <p><u>current position:</u></p> <p>1.Director of Co-Tech Development Corp.</p> <p>2.Independent Director of KLF.</p>	<p><u>common share:</u></p> <p>424,577 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Independent Director	Chen Hsien-Yeh	PhD in Chemical Engineering, University of Michigan, USA	<p><u>experience:</u></p> <p>1.Senior Scientist Research and Development Advanced Surface Technology (AST), USA</p> <p>2.Research Scientist Institute of Functional Interfaces (IFG) Karlsruhe Institute of Technology (KIT), Germany.</p> <p>3.Assistant Professor and Associate Professor, Department of Chemical Engineering, National Taiwan University.</p> <p><u>current position:</u></p> <p>1.Professor, Department of Chemical Engineering, National Taiwan University.</p> <p>2.Independent Director of KLF.</p>	<p><u>common share:</u></p> <p>0 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Independent Director	Hsu Chia-Te	Master of International Trade Management, Boston University, USA.	<p><u>experience:</u></p> <p>1.Director of Joyway International Co., Ltd.</p> <p>2.Supervisor of Speed Tech Corp.</p> <p><u>current position:</u></p> <p>1.General manager of Well-Spring Enterprise Corp.</p> <p>2.Chairman of Heli Co., Ltd.</p> <p>3.Director of Speed Tech Corp.</p> <p>4.Independent Director of Compucase Enterprise Co., Ltd.</p> <p>5.Independent Director of KLF.</p>	<p><u>common share:</u></p> <p>90,000 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>
Independent Director	Ko Tsui-Ting	Department of Accounting Shin Chien University	<p><u>experience:</u></p> <p>1.Former auditor in KPMG's Audit Department</p> <p>2.Independent Director of Ejectt Inc.</p> <p><u>current position:</u></p> <p>1.Partner of EuroAsia CPAs Firm</p> <p>2.Supervisor of Chung Kuo Insurance Co., Ltd.</p> <p>3.Director of Tax Agent Association.</p> <p>4.Independent Director of Shangya Technology Co. Ltd.</p> <p>5. Independent Director of SunWay Biotech Co., Ltd.</p> <p>6. Independent Director of KLF.</p>	<p><u>common share:</u></p> <p>0 shares</p> <p><u>preferred share:</u></p> <p>0 shares</p>

The qualifications for the above candidates were approved by the board of Directors on

March 11, 2025.

(4) For re-election.

Resolution :

【Other Items】

(Proposed by the Board of Directors)

To release the non-competition restrictions on newly elected Directors.

Explanation :

- (1) According to Article 209 of the Company Act, a director who does anything on his/her own account or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) To release the non-competition restrictions imposed on directors elected at the Company's 2022 annual shareholders' meeting and their representatives or those invest or engage in the same business activities as the Company's at the shareholders' meeting for practical business requirements provided that by doing so the Company's benefits would not be impaired in any way. List of non-competition restrictions on Directors is as follows:

Title	Name	List of non-competition restrictions on Directors
Director	Chan Ho-Po	Chairman of Bo Hsing Enterprise Co., Ltd. Chairman of Kwong Lung Feather (B.V.I.) Ltd. Chairman of Kwong Lung (B.V.I.) Ltd. Director of Kwong Lung Meko Co., Ltd. Director of Kwong Lung Japan Co., Ltd. Director of Lyon Ventures Holdings Ltd. Director of O'CASA LK Property Group Inc. Independent Director of Speed Tech Corp.
Independent Director	Tsai Hsun-Hsiung	Director of Co-Tech Development Corp.
Independent Director	Hsu Chia-Te	Director of Speed Tech Corp. Independent Director of Compucase Enterprise Co., Ltd.
Independent Director	Ko Tsui-Ting	Independent Director of Singbao International Co. Ltd. Independent Director of SunWay Biotech Co., Ltd.

Resolution :

【Questions and Motions】

【Adjournment】

KWONG LUNG ENTERPRISE CO., LTD.

2024 Business Report

Looking back to 2024, except for the down division, which exhibited negative growth due to the high market price, the garment and home textile divisions showed single-digit growth. In particular, the annual revenue of the garment business reached the second highest point in history. The proportion of the garment business also exceeded 60% for the first time, and the long-term goal is to achieve 70%.

From the product categories of the garment division, the recovery of "recreational and other products" was stronger, with a growth rate of more than 20%, while "outdoor functional products" was relatively weak, with a flat performance. In terms of new customer development, the targets set last year have been fully achieved. Six new customers from Europe and the US have been introduced to the Company's products, and the Company has gradually expanded its customer base. The orders brought by the new customers introduced in recent years have accounted for 10% of the Company's annual revenue and are one of the sources of the Company's garment division growth.

The development of new customers by the home textile division last year was also fruitful. In addition to grasping the leading homeware brand in Japan, the Company also successfully won the global homeware brands in Europe and the No.2 homeware brand in Japan. It is expected that in the near future, these brands will support the growth of the home textile division.

In terms of overall profitability, with the efforts of the management team, we achieved the third highest operating profit and net profit after tax in our history.

Budget execution

The estimated operating revenue for 2024 was NTD 8.206 million billion and the actual operating revenue was NTD 7,893 million, with an achievement rate of 96%. The actual net income after tax this year was NTD 606 million.

Operating Results for 2024

1. Financial results

The main financial indicators are as follows:

Unit : NT\$ thousand

Item		2024	2023	Increase (Decrease) Ratio %	
Financial receipts and expenditures	Operating revenue	7,892,963	7,708,244	2.4	
	Gross profit	1,365,396	1,382,134	(1.2)	
	Net profit for the year	606,402	577,149	5.1	
Profitability analysis	Return on assets (%)	6.96	7.21	(3.5)	
	Return on equity (%)	10.66	10.35	3.0	
	Ratio of Paid-up capital (%)	Operating Income	38.09	39.60	(3.8)
		Income before Tax	48.99	49.49	(1.0)
	Net Profit Margin (%)	7.68	7.49	2.5	
	Earnings per share after tax(NT\$ dollar)	4.04	3.93	2.8	

2. Research and development results:

Unit : NT\$ thousand

Item	2024
R & D expenses	50,985
R&D expenses as a percentage of revenue	0.65%

The completed R&D results are as follows:

1).Garments:

- A. Quality improvement plan for strips: The rubber roller processing of the adhesive machine evens the pressure distribution of the adhesive. This helps improve the adhesive quality.
- B. The transmission line design that improves the quality of seams: Thread breakage occurs at irregular intervals and will more likely occur when there are more stitches (longer stitch distances). Through research and development to change the thread path, reduce the tight twist effect of twisting and rotating the thread, and increase the number of continuous stitches.
- C. New product - tent development: six-person tent development, space vestibule extension of the new design. A tent can be easily set up with three brackets with a simple structural design. There are six triangular reinforcement plates, and a windbreak rope can be added to increase the windproof performance. Conforms to ISO 5912: Category B - Class 2 tents.
- D. Development and design for athlete uniform at the 9th Asian Winter Games for 2025 in Harbin. Two-piece jacket with 3D patterned design, Gore long outer jacket with inner structured down jacket & down undershirt.
- E. Obtained an invention patent in Taiwan for “method for producing wadding by mixing kapok ball granules with polyester and kapok polyester wadding”.
- F. Developed special biodegradable additives that can be used in Kwong Lung's polyester products to give them the biodegradable properties and accelerate the composting decomposition rate of polyester ASTM D5511.
- G. The modularized ability of Kwong Lung's polyester cotton and apparel products has been certified by a third-party educational institution ISO14067 to perform carbon footprint calculation and analysis of carbon emissions during the product life cycle. The product life cycle survey covers the period from the time the raw materials are retrieved to the time the product leaves the organization. The Company has established model and inventory checklist and has the ability for principle confirmation collection and distribution, carbon database coefficient establishment, life cycle carbon emission calculation and analysis, data quality management, and carbon footprint report preparation.
- H. The application of the 3D service simulation system: The number of development cycles can be effectively reduced, and the development cycle can be shortened. For example, the effect of expanding the fluffiness and shrinking the waist and foot opening. The new sleeping bag is designed with different weights of down and colors to present the simulation of the use of a sleeping bag. The complex layout of the installation is changed to the 3D test system to assess whether the test effect and modification can meet the needs of the customer.

2).Down materials:

- A. Biomass down: Natural biomass down formula certified by the USDA as down cleaners replaces chemical raw materials and is eco-friendly for a circular economy.
- B. Graphene water repellent composite down: Water repellent down combines the new material graphene to develop a new generation of two functional composite down.
- C. Chitosan antibacterial down: The down combines the antimicrobial effect of chitosan to develop a new generation of biomass antimicrobial down.
- D. Mass production of keratin liquid: Successfully achieved small-scale mass production of hydrolyzed keratin liquid at Zhongli Factory, which can be applied to textile and cosmetic products.
- E. Keratin nylon: Feather keratin peptide is similar to that of human skin and is rich in amino

acids. Therefore, the Company developed a new type of skin-friendly yarn by compounding with nylon.

2025 business overview and future development strategy

1. Future development strategy: Garment will continue to be the focus of development, with the goal of accounting for 70% of the overall revenue, and the dual focus of the "garment-driven" and "light-asset" business strategy for a steady and continuous growth, and achieving both the profitability and operational efficiency goals.
2. 2025 operational guidelines:
 - 1). Continue to develop new customers.
 - 2). Expand the production lines and production capacity in Vietnam and Indonesia.
 - 3). Continue to promote asset revitalization and improve capital efficiency.
 - 4). Use AI to improve process automation.

Corporate Social Responsibility

Kwong Lung has always adhered to the spirit of "giving back to society". In 2024, in addition to social services and assistance to the disadvantaged in both Taiwan and overseas. The total amount of expenditure reached NTD 14.51 million, benefiting more than 12,363 people, and the number of volunteers reached 196, with a total of 737 hours. This has truly implemented the corporate value, and the Company has fulfilled its international corporate social influence.

Outlook for 2025

Facing 2025, the weak global economy and geopolitical conflicts are still hanging about, which will have a highly uncertain impact on the demand of the end-consumption market. In this environment, the market in which our core business is has gradually recovered in demand after the adjustment period in the previous two years. With last year's revenue turning into a positive growth rate, and we maintain a cautiously optimistic and are confident about the healthy growth this year.

To achieve the goal of continuous growth, the key items of our operation this year are as follows:

1. Steadily manage new customers

This is one of the main sources of growth for both garment and home textile divisions. In recent years, at least 10 new customers have successfully been introduced to the garment division. Currently, the orders of new customers account for 10% of the total revenue of the business, delivery outstanding results. This year, we will increase the existing cooperation and continue to seek new customer sources to merge. The home textile division will focus on cultivating the two key customers in Europe and Japan, and gradually expand the cooperative relationship, hoping to form a three pillar support for the future performance of the home textile division with the leading customers in Japan.

2. Continue to expand the production capacity scale

Vietnam and Indonesia are still our important production sites worldwide. There are expansion plans for new production lines in Vietnam Factory for garment and home textile divisions. The existing scale of the garment division will be expanded by 10%. The 14 new home textile production lines that were built last year will be fully put into operation this year.

3. Use AI technology to improve processes

After the establishment of the Global Mark Center, the Company will expand the application of AI technology to further extend it to the production stage, such as smart scheduling production and smart down washing solutions, which have already achieved results. We will continue our investment in order to build a new competitive advantage.

In addition, the three asset revitalization projects will be handed over this year. In addition to injecting profits and funds to the Group, the sales of the Zhonghe construction project also contributes a significant amount to the consolidated revenue.

We believe that the management team will strive to achieve a goal one after another. This not only maintains the growth track of the annual performance, but also creates good profits, to enhance the value of the Company and shareholders.

Lastly, on behalf of our management team, I would like to express my sincere gratitude to all shareholders.

Chairman & CEO : Chan Ho-Po

Accounting Officer : Sung Chia-I

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2024 Business Report, Financial Statements, including Consolidated and Individual Financial Statement, and Proposal for Profits Distribution. The CPA firm of Deloitte & Touche was retained to audit Kwong Lung's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Kwong Lung Enterprise Co., Ltd. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

KWONG LUNG ENTERPRISE CO., LTD.

Chairman of the Audit Committee: Tsai Hsun-Hsiung

March 11, 2025

Attachment 3

2024 Director remuneration

Remuneration paid to Directors

Unit : NT\$ thousand

Title	Name	Director's Remuneration								Total remuneration and ratio of total remuneration(A+B+C+D) to net income(%) (Note 8)		Remuneration paid to part-time employees								Total remuneration and ratio of total remuneration (A+B+C+D+E+F+G) to net income(%) (Note 8)		Compensation Received from an Invested Company Other than the Company's Subsidiary or parent company (Note 9)
		Base Compensation (A) (Note 2)		Pension (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses and Allowances (E) (Note 5)		Pension (F)		Employee pay (G) (Note 6)						
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)		The Company	All companies in the consolidated financial statements (Note 7)			
Chairman	Chan Ho-Po	1,000	1,000	0	0	5,813	5,813	4,835	4,835	11,648 1.91%	11,648 1.91%	15,228	20,511	0	0	1,600	0	1,600	0	28,476 4.67%	33,759 5.54%	None
Vice Chairman	Ou Li Investment Co., Ltd. Representative: Lee Chao-Fu	3,968	3,968	0	0	3,876	3,876	1,715	1,715	9,559 1.57%	9,559 1.57%	189	189	0	0	0	0	0	0	9,748 1.60%	9,748 1.60%	None
Director	Whalen's Company Representative: Chang Chen-Yun	1,000	1,000	0	0	1,938	1,938	35	35	2,973 0.49%	2,973 0.49%	0	0	0	0	0	0	0	0	2,973 0.49%	2,973 0.49%	None
Director	Yueh Sheng Investment Co., Ltd. Representative: Chan Fu-Ju	1,000	1,000	0	0	3,488	3,488	35	35	4,523 0.74%	4,523 0.74%	0	1,508	0	0	0	0	0	0	4,523 0.74%	6,031 0.99%	None
Independent Director	Tsai Hsun-Hsiung	1,000	1,000	0	0	2,326	2,326	35	35	3,361 0.55%	3,361 0.55%	0	0	0	0	0	0	0	0	3,361 0.55%	3,361 0.55%	None
Independent Director	Chen Hsien-Yeh	1,000	1,000	0	0	2,326	2,326	35	35	3,361 0.55%	3,361 0.55%	0	0	0	0	0	0	0	0	3,361 0.55%	3,361 0.55%	None
Independent Director	Hsu Chia-Te	1,000	1,000	0	0	2,907	2,907	35	35	3,942 0.65%	3,942 0.65%	0	0	0	0	0	0	0	0	3,942 0.65%	3,942 0.65%	None
Independent Director	Ko Tsui-Ting	1,000	1,000	0	0	2,326	2,326	35	35	3,361 0.55%	3,361 0.55%	0	0	0	0	0	0	0	0	3,361 0.55%	3,361 0.55%	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

In addition to the fixed remuneration paid quarterly to the Company's directors, if the Company also has a surplus, in accordance with to the Company's articles of association, less than 5% will be contributed to the remuneration of directors, and it will be distributed by taking into consideration of the evaluation results of the board's performance.

2. Other than disclosure in the above table, Director's remunerations received by providing services (e.g. serving as a consultant for non-employees of the parent company/financial report of all companies/reinvested businesses, etc.) in the latest fiscal year:

➤ Independent directors Tsai Hsun-Hsiung, Chen Hsien-Yeh and Hsu Chia-Te also serve as remuneration committee members. The remuneration and carriage fees for each committee member are NT\$1,015,000.

Note 1: The names of the directors shall be separately listed (For the corporate shareholder, the name of corporate shareholder and the representative shall be listed separately).

Note 2: It refers to the directors' remuneration (including directors' salary, duty allowance, severance payment, bonuses, incentives, etc.) in the latest year.

Note 3: It should be the amount of directors' remuneration distributed by the resolution of the Board of Directors in the latest year.

Note 4: It refers to the related business execution expenses (including travelling expenses, special expenses, allowances, and the in-kind provision of apartments, vehicles, etc.) of the Directors in the latest year. If apartments, vehicles and other transport instruments are provided or there are exclusive individual expenses, the nature and cost of assets provided, the actual rent, fuel expenses and other payments or measured at fair market prices should be disclosed. If a chauffeur is provided, the relevant remuneration paid by the Company to the chauffeur should be noted, but it is not included in the remuneration.

Note 5: It refers to the salary, duty allowance, severance payment, bonuses, incentives, travelling expenses, special expenses, allowances, and in-kind provisions of apartments, vehicles, etc., paid to the directors concurrently serving as employees (including General Managers, Vice General Managers, other managerial officers, and employees) in the latest year. If apartments, vehicles and other transport instruments are provided or there are exclusive individual expenses, the nature and cost of assets provided, the actual rent, fuel expenses and other payments or measured at fair market prices should be disclosed. If a chauffeur is provided, the relevant remuneration paid by the Company to the chauffeur should be noted, but it is not included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment," including the acquisition of employee stock warrants, new restricted stock award shares issued to employees and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 6: It refers that when the directors concurrently serving as employees (including the General Manager, Vice General Manager, other managerial officer and employees) who obtain employee compensation (including stocks and cash) in the latest year, the employee remuneration amount distributed by the resolution of the Board of Directors in the latest year should be disclosed. If it is unable to estimate the amount, the proposed distribution amount in this year will be calculated pro rata to the actual distribution amount last year.

Note 7: It shall disclose the total amount of remuneration paid to the Company's Directors by all companies (including the Company) in the consolidated financial report.

Note 8: After-tax net profit refers to the net profit after tax in the standalone or individual financial reports in the latest year.

Note 9: a. In this column, the amount of remuneration the Company's Director received from the re-investment business other than the subsidiaries, or the parent company should be filled out. (If there is none, please fill in "None").

b. The remuneration refers to the relevant remuneration to the Company's Directors, such as remuneration of serving as a director, supervisor or managerial officer, compensation (including employee, director or supervisor compensation), or remuneration from professional practice received from the re-investment other than the subsidiary or the parent company.

* The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this table is for information disclosure, for taxing purpose.

Note 10: The Company's Directors (legal person and representative) did not receive or appropriate retirement pensions in 2024. The Directors and representatives of the corporate directors concurrently serving as employees did not receive or appropriate retirement pensions.

2024 Related Party Transaction Status Report

On December 19, 2024, the board of directors resolved to acquire the right-of-use of the real estate from the related party:

1. The purpose, necessity, and expected benefits of the acquisition or disposal of assets:
Lease of the Chairman's Office and Guest House in Xinyi District, Taipei City
Leased area: 162.88 ping
Total amount: NT\$44,399,000
2. The reason for selecting the related party as the transaction counterparty: meeting the requirements for the use of offices and guest houses.
3. When acquiring real estate or its right-of-use assets from a related party, the reasonableness of the predetermined trading conditions is assessed in accordance with Articles 16 and 17 of the Regulations on the Acquisition or Disposal of Assets of Public Companies: Please refer to the review opinions of the CPAs on pages 14~17.
4. Information on the original date and price of acquisition by the related party, the counterparty in the transaction, and its relationship with the Company and related parties:
Date of acquisition by the related party: September 22, 2023
Original acquisition price: NT\$143,457,000
Original counterparty: SNOWDOWN MERCHANDISE CORP.
Relationship between the original counterparty and the Company: Related party in substance
Relationship between the original trading counterparty and the related party: Related party in substance
5. A forecast statement of cash receipts and expenditures for each month of the next year from the month the contract is signed, and an assessment of the necessity of the transaction and the reasonableness of the use of funds: Please refer to the forecast cash receipts and expenditures on page 18.
6. Appraisal report issued by professional appraisers as required, or CPA's opinion: Not applicable.
7. Restrictive conditions and other important covenants on the transaction: None.
8. The contract for obtaining the right to use real estate from the related party will take effect from January 1, 2025, and the total price obtained is NT\$44,399,000.

Deloitte & Touche

Independent expert declaration

We have issued the evaluation opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and the "Guidelines on Issuance of Reports by Experts" with the following statements:

1. The opinion issued by me and the data source, parameters and information used for the implementation of the operating procedures are complete, correct and reasonable, and serve as the basis for issuing this opinion.
2. Prior to undertaking this case, I have confirmed that I am qualified pursuant to Paragraph 1, Article 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and have carefully assessed my professional ability and practical experience in accordance with Subparagraph 1, Paragraph 2 of the same provision.
3. Proper operating procedures were properly planned and executed during the implementation of this case, in order to form conclusions and issue opinions accordingly; also, the procedures implemented, information collected, and conclusions have been documented in the working papers of this case; there is no matter with opinions and conclusions being set in advance.
4. There is no remuneration for my acceptance of this case.
5. The parties to this transaction are not related parties or substantially related parties as stated in Article 5, Paragraph 1, Subparagraph 2 and 3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," and hereby declare that there have been none of the following circumstances:
 - (1) I or my spouse is currently employed by any party to the transaction as a regular job with fixed salary or as a director or supervisor.
 - (2) I or my spouse has served as a director, supervisor, manager, or staff member of any party to the transaction with significant influence on the transaction, and it has been less than two years since discharged or resigned.
 - (3) The entity for which I or my spouse works for any party to the transaction in this case is a related party.
 - (4) A spouse or second-degree relative to a director, supervisor, manager, or employee of any party who has a significant influence on the transaction.
 - (5) I or my spouse has a significant investment or financial interest-sharing relationship with any party to the transaction.

Certified Public Accountant: Ming-Hsien Liu

Date: December 19, 2024

Opinion Summary

1. Date of Opinion and Letter No.: Qin-Shen No. 11309486 on December 19, 2024
2. Principal: Kwong Lung Enterprise Co., Ltd.
3. Appointment Content:

A review of the reasonableness of the transaction cost of the right-of-use assets acquired by Kwong Lung Enterprise Co., Ltd. for acquiring the real estate from the related party, Gong Long Co., Ltd., in accordance with Articles 16 and 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

4. Basis for the expert opinions and conclusions:

We have conducted the review process in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and the "Guidelines on Issuance of Reports by Experts" and issued a review opinion with the following conclusions.

- (1) Kwong Lung Enterprise Co., Ltd.'s approach to valuation complied with Article 16 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
- (2) In our opinion, the transaction cost of the acquisition of the right-of-use assets by Kwong Lung Enterprise Co., Ltd. from the related party is considered reasonable.

CPA Ming-Hsien Liu

Main text of the opinion

Letter No. Qin-Shen 11309486 dated December 19, 2024

Recipient: Kwong Lung Enterprise Co., Ltd.

Subject: The Company intends to acquire the right-of-use asset of the real estate from a related party on January 1, 2025. The CPA has reviewed the Company's evaluation of the transaction cost and the review explanations are as follows.

Explanation:

1. The Company intends to sign a real estate lease contract with the related party, Gong Long Co., Ltd. (Gong Lung) on January 1, 2025 for 162.88 Ping with the address at 13F, No. 33, Songyong Road, Xinyi District, Taipei City, Taiwan, the lease term is from January 1, 2025 to December 31, 2034, and the monthly rent is NT\$400,000, which is consistent with the content of the real estate lease contract after review. The transaction amount of the right-of-use asset of the real property acquired by the Company is expected to be NT\$44,399,302.
2. A review of the reasonableness of the transaction cost of the right-of-use assets acquired by the Company from the related party, Gong Long Co., Ltd., in accordance with Articles 16 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (as attachment). The Company calculated the transaction cost at NT\$148,109,099 based on the transaction price of the related party plus the interest of necessary funds and the cost borne by the buyer in accordance with the law.
3. We conduct the review process in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and the "Guidelines on Issuance of Opinions by Experts" and review the previous transaction contract provided by Gong Long Co., Ltd., and the calculation of the transaction costs. There is no unreasonableness found. The imputed transaction cost is higher than the right-of-use assets transaction amount of NT\$44,399,302.
4. In our opinion, the evaluation of the transaction cost of the aforesaid lease of real estate by the Company from the related party complies with Article 16 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and the transaction cost is higher than the transaction price after the calculation.
5. This letter of opinion is for use by the board of directors of Kwong Lung Enterprise Co., Ltd. only and may not be used for other purposes without prior consent.

Deloitte & Touche

CPA Ming-Hsien Liu

Attachment

Kwong Lung Enterprise Co., Ltd.

Estimation of the cost of transaction for right-of-use assets acquired from related parties

Unit: NTD

Name and location of the property	Date of contract	Total purchase price	Valued at the price at which the related party acquired the assets						
			Previous contract signing date	Estimation period	Previous transaction price	Imputed interest rate	Imputed profit or interest cost	Costs to be borne by the buyer	Total estimated cost
Lease of 162.88 pings of the building on the 13th floor, No. 33, Songyong Road, Xinyi District, Taipei City, Taiwan - Right-of-use assets	2025.1.1	\$ 44,399,302	2023.9.22	2023.9.22~2025.1.1	\$ 143,457,263	2.529% (Note 1)	\$ 4,651,836	\$ -	\$ 148,109,099

Note 1: The calculation is based on the central bank's statistics on the new loan amounts and interest rates of the five major banks (Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank and First Commercial Bank) in October 2024.

Chairman:

Manager:

Accounting officer:

Forecast of cash receipts and payments for 2025

Unit: NTD thousands	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cash flow from operating activities:													
Sales revenue	533,452	399,784	359,558	1,010,518	1,067,068	1,345,415	954,284	1,169,294	1,060,326	761,128	667,296	682,922	10,011,045
Interest revenue		625						625					1,250
Purchase of materials	(442,733)	(333,672)	(304,754)	(825,931)	(883,739)	(1,097,020)	(772,523)	(947,561)	(871,066)	(639,640)	(559,337)	(572,078)	(8,250,055)
Operating expenses/Company salary	(47,972)	(18,875)	(19,028)	(18,972)	(21,288)	(18,941)	(19,689)	(19,209)	(19,052)	(20,398)	(18,975)	(18,853)	(261,252)
Tax payment					(77,985)				(35,000)				(112,985)
Interest expense	(1,816)	(1,816)	(1,816)	(1,816)	(1,816)	(2,362)	(2,212)	(2,812)	(2,692)	(2,617)	(2,557)	(2,497)	(26,827)
Other expenses	(23,109)	(20,974)	(24,494)	(24,870)	(28,291)	(28,623)	(26,749)	(25,504)	(25,563)	(22,984)	(23,334)	(25,641)	(300,136)
Cash inflows (outflows) from operating activities "A"	17,822	25,073	9,466	138,929	53,950	198,468	133,110	174,834	106,953	75,489	63,094	63,854	1,061,041
Cash flow from investing activities:													
Cash in short-term investments								4,500					4,500
Other non-operating income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Other expenses	(977)	(1,609)	(5,763)	(15,529)	(2,957)	(8,580)	(3,689)	(2,303)	(11,514)	(10,969)	(3,229)	(1,178)	(68,297)
Fixed assets	(28,120)	(45,920)	(30,080)	(58,180)	(32,640)	(13,640)	(48,433)	(39,433)	(13,433)	(13,433)	(29,433)	(13,433)	(366,180)
Cash inflow (outflow) from investing activities [B]	(28,097)	(46,529)	(34,843)	(72,709)	(34,597)	(21,220)	(51,122)	(36,236)	(23,948)	(23,403)	(31,662)	(13,611)	(417,977)
Cash flow from wealth management activities:													
Bank borrowings								400,000					400,000
Repayment of borrowings						(150,000)	(100,000)		(80,000)	(50,000)	(40,000)	(40,000)	(460,000)
Remuneration to directors and supervisors/employee bonus			(40)	(81,040)	(80)			(40)			(40)	(40)	(81,280)
Dividends								(544,646)					(544,646)
Cash inflow (outflow) from wealth management activities [C]	0	0	(40)	(81,040)	(80)	(150,000)	(100,000)	(144,686)	(80,000)	(50,000)	(40,040)	(40,040)	(685,926)
Net cash inflows (outflows) of the current period "D=A+B+C"	(10,275)	(21,456)	(25,417)	(14,820)	19,273	27,248	(18,012)	(6,089)	3,005	2,086	(8,608)	10,203	(42,862)
Cash balance at the beginning of the period €	105,176	94,901	73,445	48,028	33,208	52,481	79,728	61,717	55,628	58,633	60,719	52,111	105,176
Closing cash balance F = "D-E"	94,901	73,445	48,028	33,208	52,481	79,728	61,717	55,628	58,633	60,719	52,111	62,314	62,314

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kwong Lung Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2024, is described as follows:

Occurrence of Sales Revenue

The Group's revenue mainly comes from the production and sale of ready-made garments, down materials and home textile products. Sales revenue is one of the evaluation criteria to measure the operating performance of the Group's segment, and the occurrence of sales revenue is the main significant risk of the Group. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to this key audit matter, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.
2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue

recognition to confirm the occurrence of sales.

3. We selected samples and tested the sales transactions of the current year and checked the relevant internal and external vouchers to support the facts of the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales return and discounts to confirm that sales transactions did occur.

Other Matter

We have also audited the parent company only financial statements of Kwong Lung Enterprise Co., Ltd. as of and for the years ended December 31, 2024, and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates

and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 629,085	6	\$ 923,081	11
Financial assets at fair value through profit or loss - current (Note 7)	9,700	-	6,019	-
Financial assets at amortized cost - current (Notes 9 and 35)	437,284	4	560,587	7
Notes receivable (Note 10)	45,694	1	-	-
Trade receivables (Notes 10 and 34)	757,314	7	565,631	7
Other receivables (Notes 10 and 34)	325,440	3	231,470	3
Inventories (Note 12)	2,448,635	24	1,579,286	20
Other current assets (Notes 11 and 19)	<u>257,798</u>	<u>3</u>	<u>150,861</u>	<u>2</u>
Total current assets	<u>4,910,950</u>	<u>48</u>	<u>4,016,935</u>	<u>50</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	752,970	7	367,145	5
Financial assets at amortized cost - non-current (Note 9)	-	-	50,000	1
Investments accounted for using the equity method (Notes 14 and 34)	367,290	4	593,507	7
Property, plant and equipment (Note 15)	2,306,983	22	1,831,039	23
Right-of-use assets (Notes 16 and 34)	141,932	1	89,899	1
Investment properties, net (Note 17)	1,604,624	16	775,898	10
Intangible assets (Note 18)	25,021	-	27,047	-
Deferred tax assets (Note 26)	55,067	1	49,871	1
Other non-current assets (Notes 11 and 19)	<u>111,155</u>	<u>1</u>	<u>176,724</u>	<u>2</u>
Total non-current assets	<u>5,365,042</u>	<u>52</u>	<u>3,961,130</u>	<u>50</u>
TOTAL	<u>\$ 10,275,992</u>	<u>100</u>	<u>\$ 7,978,065</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 1,204,039	12	\$ 548,697	7
Short-term bills payable (Note 20)	145,424	2	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	4,552	-	3,561	-
Contract liabilities - current (Note 24)	202,314	2	34,793	1
Notes payable	12,330	-	129	-
Trade payables	1,037,242	10	644,300	8
Other payables (Notes 21 and 34)	386,931	4	343,211	4
Current tax liabilities (Note 26)	56,187	1	119,039	2
Lease liabilities - current (Notes 16 and 34)	30,739	-	22,135	-
Current portion of long-term liabilities (Notes 20 and 35)	238,274	2	-	-
Other current liabilities	<u>29,617</u>	<u>-</u>	<u>7,159</u>	<u>-</u>
Total current liabilities	<u>3,347,649</u>	<u>33</u>	<u>1,723,024</u>	<u>22</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 35)	731,360	7	485,000	6
Deferred tax liabilities (Note 26)	118,628	1	123,510	2
Lease liabilities - non-current (Notes 16 and 34)	69,781	1	27,101	-
Net defined benefit liabilities - non-current (Note 22)	4,681	-	11,463	-
Other non-current liabilities	<u>31,929</u>	<u>-</u>	<u>7,467</u>	<u>-</u>
Total non-current liabilities	<u>956,379</u>	<u>9</u>	<u>654,541</u>	<u>8</u>
Total liabilities	<u>4,304,028</u>	<u>42</u>	<u>2,377,565</u>	<u>30</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23, 28 and 31)				
Share capital				
Ordinary shares	1,511,202	15	1,501,139	19
Preference shares	2,801	-	6,954	-
Advance receipts for ordinary shares	22	-	-	-
Total share capital	<u>1,514,025</u>	<u>15</u>	<u>1,508,093</u>	<u>19</u>
Capital surplus	2,254,850	22	2,233,250	28
Retained earnings				
Legal reserve	726,885	7	668,803	8
Special reserve	94,005	1	95,491	1
Unappropriated earnings	1,229,453	12	1,187,483	15
Total retained earnings	<u>2,050,343</u>	<u>20</u>	<u>1,951,777</u>	<u>24</u>
Other equity interests				
Exchange differences on translation of the financial statements of foreign operations	(120,331)	(1)	(234,489)	(3)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	130,015	1	140,484	2
Total other equity interests	<u>9,684</u>	<u>-</u>	<u>(94,005)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	5,828,902	57	5,599,115	70
NON-CONTROLLING INTERESTS	<u>143,062</u>	<u>1</u>	<u>1,385</u>	<u>-</u>
Total equity	<u>5,971,964</u>	<u>58</u>	<u>5,600,500</u>	<u>70</u>
TOTAL	<u>\$ 10,275,992</u>	<u>100</u>	<u>\$ 7,978,065</u>	<u>100</u>

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 34)				
Sales revenue	\$ 7,892,963	100	\$ 7,708,244	100
OPERATING COSTS (Notes 12, 25 and 34)				
Cost of goods sold	<u>(6,527,567)</u>	<u>(83)</u>	<u>(6,326,110)</u>	<u>(82)</u>
GROSS PROFIT	<u>1,365,396</u>	<u>17</u>	<u>1,382,134</u>	<u>18</u>
OPERATING EXPENSES (Notes 10, 25 and 34)				
Selling and marketing expenses	(330,935)	(4)	(314,438)	(4)
General and administrative expenses	(396,149)	(5)	(367,020)	(5)
Research and development expenses	(50,985)	(1)	(53,073)	(1)
Expected credit loss	<u>(10,686)</u>	<u>-</u>	<u>(50,370)</u>	<u>-</u>
Total operating expenses	<u>(788,755)</u>	<u>(10)</u>	<u>(784,901)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>576,641</u>	<u>7</u>	<u>597,233</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 34)				
Interest income	52,496	1	53,056	1
Other income	15,992	-	32,394	-
Other gains and losses	146,012	2	66,012	1
Finance costs	(35,574)	(1)	(25,336)	-
Share of profit of associates accounted for using the equity method	<u>(13,785)</u>	<u>-</u>	<u>23,058</u>	<u>-</u>
Total non-operating income and expenses	<u>165,141</u>	<u>2</u>	<u>149,184</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	741,782	9	746,417	10
INCOME TAX EXPENSE (Note 26)	<u>(135,380)</u>	<u>(2)</u>	<u>(169,268)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>606,402</u>	<u>7</u>	<u>577,149</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,742	-	413	-

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,320	-	20,808	-
Unrealized gain on investments in equity instruments of associates at fair value through other comprehensive income	3,929	-	51,125	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(948)	-	(83)	-
	<u>10,043</u>	<u>-</u>	<u>72,263</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	114,097	2	(66,537)	(1)
Unrealized gain (loss) on investments in debt instrument at fair value through other comprehensive income	10,455	-	(493)	-
	<u>124,552</u>	<u>2</u>	<u>(67,030)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>134,595</u>	<u>2</u>	<u>5,233</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 740,997</u>	<u>9</u>	<u>\$ 582,382</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 609,288	8	\$ 577,696	7
Non-controlling interests	(2,886)	-	(547)	-
	<u>\$ 606,402</u>	<u>8</u>	<u>\$ 577,149</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 743,944	9	\$ 583,051	8
Non-controlling interests	(2,947)	-	(669)	-
	<u>\$ 740,997</u>	<u>9</u>	<u>\$ 582,382</u>	<u>8</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 4.04</u>		<u>\$ 3.93</u>	
Diluted	<u>\$ 4.00</u>		<u>\$ 3.79</u>	

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company								Other Equity Interests		Total	Non-controlling Interests	Total Equity
	Share Capital				Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Preference Shares	Advance Receipts for Ordinary Shares	Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 1,408,331	\$ 96,117	\$ 279	\$ 1,504,727	\$ 2,219,093	\$ 575,708	\$ 182,576	\$ 1,181,999	\$ (167,501)	\$ 72,010	\$ 5,568,612	\$ 3,716	\$ 5,572,328
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	-	-	93,095	-	(93,095)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(87,085)	87,085	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(566,469)	-	-	(566,469)	-	(566,469)
Cash dividends of preference shares	-	-	-	-	-	-	-	(2,854)	-	-	(2,854)	-	(2,854)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	55	-	-	(339)	-	284	-	-	-
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	577,696	-	-	577,696	(547)	577,149
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	330	(66,415)	71,440	5,355	(122)	5,233
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	578,026	(66,415)	71,440	583,051	(669)	582,382
Convertible preference shares converted	89,163	(89,163)	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(580)	-	(580)	-	(580)
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(120)	7	-	(113)	(1,662)	(1,775)
Issuance of ordinary shares under employee share options	3,645	-	(279)	3,366	14,102	-	-	-	-	-	17,468	-	17,468
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,250	-	(3,250)	-	-	-
BALANCE AT DECEMBER 31, 2023	1,501,139	6,954	-	1,508,093	2,233,250	668,803	95,491	1,187,483	(234,489)	140,484	5,599,115	1,385	5,600,500
Appropriation of the 2023 earnings													
Legal reserve	-	-	-	-	-	58,082	-	(58,082)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(1,486)	1,486	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(540,704)	-	-	(540,704)	-	(540,704)
Cash dividends of preference shares	-	-	-	-	-	-	-	(871)	-	-	(871)	-	(871)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	1,166	-	-	-	-	-	1,166	-	1,166
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	-	-	-	609,288	-	-	609,288	(2,886)	606,402
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	3,794	114,158	16,704	134,656	(61)	134,595
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	-	613,082	114,158	16,704	743,944	(2,947)	740,997
Convertible preference shares converted	4,153	(4,153)	-	-	-	-	-	-	-	-	-	-	-
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(114)	-	-	(114)	(1,208)	(1,322)
Issuance of ordinary shares under employee share options	5,910	-	22	5,932	20,434	-	-	-	-	-	26,366	-	26,366
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	27,173	-	(27,173)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	145,832	145,832
BALANCE AT DECEMBER 31, 2024	\$ 1,511,202	\$ 2,801	\$ 22	\$ 1,514,025	\$ 2,254,850	\$ 726,885	\$ 94,005	\$ 1,229,453	\$ (120,331)	\$ 130,015	\$ 5,828,902	\$ 143,062	\$ 5,971,964

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 741,782	\$ 746,417
Adjustments for:		
Depreciation expense	154,264	155,144
Amortization expense	3,016	8,433
Expected credit loss	10,686	50,370
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(5,148)	(2,458)
Finance costs	35,574	25,336
Interest income	(52,496)	(53,056)
Dividend income	(5,231)	(8,187)
Compensation costs of employee share options	4,210	5,104
Share of profit of associates accounted for using the equity method	13,785	(23,058)
Loss (gain) on disposal of property, plant and equipment	66	(1,017)
Gain on disposal of associates accounted for using the equity method	(83,401)	-
Write-downs of inventories	5,816	18,573
Net (gain) loss on foreign currency exchange	(40,864)	1,942
Loss on disposal of subsidiary	-	2,307
Other gains and losses	1,899	4,972
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	6,019	4,873
Notes receivable	(45,694)	8,423
Trade receivables	(176,782)	308,566
Other receivables	(90,763)	22,153
Inventories	(513,420)	521,502
Other current assets	(33,478)	36,806
Financial liabilities held for trading	(3,561)	(18,622)
Notes payable	1,424	(22,776)
Trade payables	359,800	(184,347)
Contract liabilities	31,548	34,793
Other payables	(44,393)	(74,355)
Other current liabilities	21,818	(48,169)
Net defined benefit liabilities	(2,040)	(2,185)
Cash generated from operations	294,436	1,517,484
Interest received	56,198	36,521
Interest paid	(34,375)	(25,343)
Income tax paid	(209,864)	(271,140)
Net cash generated from operating activities	<u>106,395</u>	<u>1,257,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(342,841)	(173,448)
Acquisition of financial assets at amortized cost	(149,925)	(573,116)
Proceeds from disposal of financial assets at amortized cost	317,938	87,244

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of investments accounted for using the equity method	(72,383)	(181,949)
Net cash inflow on disposal of associates	210,811	-
Net cash outflow on acquisition of subsidiaries (Note 29)	(215,659)	-
Net cash inflow on disposal of subsidiary (Note 28)	-	9,461
Acquisition of property, plant and equipment	(357,177)	(269,853)
Proceeds from disposal of property, plant and equipment	1,096	47,892
Acquisition of intangible assets	(945)	(225)
Acquisition of investment properties	(296,783)	(3,276)
Increase in other non-current assets	(4,467)	(42,292)
Dividends received	5,231	8,187
Dividends received from associates	<u>6,242</u>	<u>4,730</u>
Net cash used in investing activities	<u>(898,862)</u>	<u>(1,086,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	655,342	-
Repayments of short-term borrowings	-	(171,204)
Repayments of short-term bills payable	(26,676)	(30,000)
Proceeds from long-term borrowings	611,888	785,000
Repayments of long-term borrowings	(300,000)	(728,670)
Repayment of the principal portion of lease liabilities	(35,052)	(41,770)
Decrease in other non-current liabilities	-	(127)
Increase in other non-current liabilities	2,743	-
Cash dividends paid	(541,575)	(569,323)
Proceeds from share options exercised	22,156	12,364
Changes in non-controlling interests	<u>(1,322)</u>	<u>(1,775)</u>
Net cash generated from (used in) financing activities	<u>387,504</u>	<u>(745,505)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>110,967</u>	<u>(31,837)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(293,996)	(606,465)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>923,081</u>	<u>1,529,546</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 629,085</u>	<u>\$ 923,081</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kwong Lung Enterprise Co., Ltd.

Opinion

We have audited the accompanying financial statements of Kwong Lung Enterprise Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2024 is stated as follows:

Occurrence of Sales Revenue

The Company's revenue mainly comes from the production and sale of ready-made garments, down materials and home textile products. Sales revenue is one of the evaluation criteria to measure the operating performance of the Company's segment, and the occurrence of sales revenue is the main significant risk of the Company. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to this key audit matter, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.
2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition to confirm the occurrence of sales.
3. We selected samples and tested the sales transactions of the current year and checked the relevant internal and external vouchers to support the facts of the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales return and discounts to confirm that sales transactions did occur.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

KWONG LUNG ENTERPRISE CO., LTD.

BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 246,025	2	\$ 203,944	3
Financial assets at fair value through profit or loss - current (Note 7)	6,629	-	2,011	-
Trade receivables (Note 10)	652,122	7	368,644	4
Trade receivables from related parties (Notes 10 and 29)	82,940	1	96,622	1
Other receivables (Note 10)	236,280	2	166,498	2
Other receivables from related parties (Note 29)	479,066	5	359,050	4
Inventories (Note 11)	195,753	2	91,151	1
Other current assets (Note 17)	65,406	1	55,684	1
Total current assets	<u>1,964,221</u>	<u>20</u>	<u>1,343,604</u>	<u>16</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	175,500	2	181,800	2
Financial assets at amortized cost - non-current (Note 9)	50,000	-	50,000	1
Investments accounted for using the equity method (Note 12 and 29)	5,430,704	54	4,882,291	57
Property, plant and equipment (Note 13)	1,602,589	16	1,369,203	16
Right-of-use assets (Notes 14 and 29)	69,559	1	23,566	-
Investment properties (Note 15)	527,985	5	445,950	5
Other intangible assets (Note 16)	1,789	-	3,710	-
Deferred tax assets (Note 23)	55,067	1	49,871	1
Other non-current assets (Note 17)	100,116	1	147,543	2
Total non-current assets	<u>8,013,309</u>	<u>80</u>	<u>7,153,934</u>	<u>84</u>
TOTAL	<u>\$ 9,977,530</u>	<u>100</u>	<u>\$ 8,497,538</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 970,000	10	\$ 400,000	5
Financial liabilities at fair value through profit or loss - current (Note 7)	4,521	-	2,370	-
Notes payable	7,951	-	129	-
Trade payables	391,576	4	305,381	4
Trade payables from related parties (Note 29)	1,596,735	16	1,251,389	15
Other payables (Note 19)	209,852	2	177,052	2
Other payables from related parties (Note 29)	27,657	-	2,148	-
Current tax liabilities (Note 23)	51,157	1	91,554	1
Lease liabilities - current (Notes 14 and 29)	28,120	-	13,386	-
Other current liabilities	51,398	1	22,288	-
Total current liabilities	<u>3,338,967</u>	<u>34</u>	<u>2,265,697</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	642,000	7	485,000	6
Deferred tax liabilities (Note 23)	118,628	1	123,510	1
Lease liabilities - non-current (Notes 14 and 29)	42,208	-	10,799	-
Net defined benefit liabilities - non-current (Note 20)	4,681	-	11,463	-
Guarantee deposits received	2,144	-	1,954	-
Total non-current liabilities	<u>809,661</u>	<u>8</u>	<u>632,726</u>	<u>7</u>
Total liabilities	<u>4,148,628</u>	<u>42</u>	<u>2,898,423</u>	<u>34</u>
EQUITY (Notes 21 and 25)				
Share capital				
Ordinary shares	1,511,202	15	1,501,139	18
Preference shares	2,801	-	6,954	-
Advance receipts for ordinary shares	22	-	-	-
Total share capital	<u>1,514,025</u>	<u>15</u>	<u>1,508,093</u>	<u>18</u>
Capital surplus	2,254,850	23	2,233,250	26
Retained earnings				
Legal reserve	726,885	7	668,803	8
Special reserve	94,005	1	95,491	1
Unappropriated earnings	1,229,453	12	1,187,483	14
Total retained earnings	<u>2,050,343</u>	<u>20</u>	<u>1,951,777</u>	<u>23</u>
Other equity interests				
Exchange differences on translation of the financial statements of foreign operations	(120,331)	(1)	(234,489)	(3)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	130,015	1	140,484	2
Total other equity interests	<u>9,684</u>	<u>-</u>	<u>(94,005)</u>	<u>(1)</u>
Total equity	<u>5,828,902</u>	<u>58</u>	<u>5,599,115</u>	<u>66</u>
TOTAL	<u>\$ 9,977,530</u>	<u>100</u>	<u>\$ 8,497,538</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

KWONG LUNG ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)				
Sales revenue	\$ 6,915,062	100	\$ 6,895,957	100
OPERATING COSTS (Notes 11, 22 and 29)				
Cost of goods sold	<u>(6,020,232)</u>	<u>(87)</u>	<u>(5,999,250)</u>	<u>(87)</u>
GROSS PROFIT	894,830	13	896,707	13
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(3,159)	-	(7,023)	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>7,023</u>	<u>-</u>	<u>9,895</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>898,694</u>	<u>13</u>	<u>899,579</u>	<u>13</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(207,443)	(3)	(196,600)	(3)
General and administrative expenses	(293,579)	(4)	(287,213)	(4)
Research and development expenses	(51,055)	(1)	(53,073)	(1)
Expected credit loss	<u>(6,812)</u>	<u>-</u>	<u>(4,363)</u>	<u>-</u>
Total operating expenses	<u>(558,889)</u>	<u>(8)</u>	<u>(541,249)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>339,805</u>	<u>5</u>	<u>358,330</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	4,386	-	5,271	-
Other income	15,215	-	14,896	-
Other gains and losses	78,423	1	26,198	1
Finance costs	(27,786)	-	(21,053)	-
Share of profit of subsidiaries and associates	<u>276,420</u>	<u>4</u>	<u>288,169</u>	<u>4</u>
Total non-operating income and expenses	<u>346,658</u>	<u>5</u>	<u>313,481</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	686,463	10	671,811	10
INCOME TAX EXPENSE (Note 23)	<u>(77,175)</u>	<u>(1)</u>	<u>(94,115)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>609,288</u>	<u>9</u>	<u>577,696</u>	<u>8</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,742	-	413	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(6,300)	-	31,800	-
Unrealized gain on investments in equity instrument of subsidiaries and associates at fair value through other comprehensive income	12,549	-	40,133	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(948)	-	(83)	-
	<u>10,043</u>	<u>-</u>	<u>72,263</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	114,158	2	(66,415)	(1)
Unrealized gain (loss) on investments in debt instrument of subsidiaries at fair value through other comprehensive income	10,455	-	(493)	-
	<u>124,613</u>	<u>2</u>	<u>(66,908)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>134,656</u>	<u>2</u>	<u>5,355</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 743,944</u>	<u>11</u>	<u>\$ 583,051</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 4.04</u>		<u>\$ 3.93</u>	
Diluted	<u>\$ 4.00</u>		<u>\$ 3.79</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Share Capital				Capital Surplus	Retained Earnings			Other Equity Interest		Total Equity
	Advance Receipts			Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Ordinary Shares	Preference Shares	for Ordinary Shares								
BALANCE AT JANUARY 1, 2023	\$ 1,408,331	\$ 96,117	\$ 279	\$ 1,504,727	\$ 2,219,093	\$ 575,708	\$ 182,576	\$ 1,181,999	\$ (167,501)	\$ 72,010	\$ 5,568,612
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	-	-	93,095	-	(93,095)	-	-	-
Special reserve	-	-	-	-	-	-	(87,085)	87,085	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(566,469)	-	-	(566,469)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	(2,854)	-	-	(2,854)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	55	-	-	(339)	-	284	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	577,696	-	-	577,696
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	330	(66,415)	71,440	5,355
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	578,026	(66,415)	71,440	583,051
Convertible preference shares converted	89,163	(89,163)	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(580)	-	(580)
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(120)	7	-	(113)
Issuance of ordinary shares under employee share options	3,645	-	(279)	3,366	14,102	-	-	-	-	-	17,468
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,250	-	(3,250)	-
BALANCE AT DECEMBER 31, 2023	1,501,139	6,954	-	1,508,093	2,233,250	668,803	95,491	1,187,483	(234,489)	140,484	5,599,115
Appropriation of the 2023 earnings											
Legal reserve	-	-	-	-	-	58,082	-	(58,082)	-	-	-
Special reserve	-	-	-	-	-	-	(1,486)	1,486	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(540,704)	-	-	(540,704)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	(871)	-	-	(871)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	1,166	-	-	-	-	-	1,166
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	-	609,288	-	-	609,288
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	3,794	114,158	16,704	134,656
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	-	613,082	114,158	16,704	743,944
Convertible preference shares converted	4,153	(4,153)	-	-	-	-	-	-	-	-	-
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(114)	-	-	(114)
Issuance of ordinary shares under employee share options	5,910	-	22	5,932	20,434	-	-	-	-	-	26,366
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	27,173	-	(27,173)	-
BALANCE AT DECEMBER 31, 2024	\$ 1,511,202	\$ 2,801	\$ 22	\$ 1,514,025	\$ 2,254,850	\$ 726,885	\$ 94,005	\$ 1,229,453	\$ (120,331)	\$ 130,015	\$ 5,828,902

The accompanying notes are an integral part of the financial statements.

KWONG LUNG ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 686,463	\$ 671,811
Adjustments for:		
Depreciation expense	64,658	63,074
Amortization expense	2,866	8,285
Expected credit loss	6,812	4,363
Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(2,108)	359
Finance costs	27,786	21,053
Interest income	(4,386)	(5,271)
Dividend income	(4,500)	(7,500)
Compensation costs of employee share options	4,068	4,898
Share of profit of subsidiaries and associates	(276,420)	(288,169)
Loss on disposal of property, plant and equipment	-	147
Gain on disposal of associates accounted for using the equity method	(83,401)	-
Unrealized (gain) loss on transactions with subsidiaries and associates	(3,864)	(2,872)
Net loss (gain) on foreign currency exchange	31,715	(15,943)
Other gains and losses	2,343	4,972
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	2,011	3,854
Trade receivables	(270,154)	286,278
Trade receivables from related parties	18,723	55,633
Other receivables	(60,987)	8,296
Other receivables from related parties	(101,076)	422,478
Inventories	(104,602)	153,757
Other current assets	(9,722)	44,225
Financial liabilities held for trading	(2,370)	(1,146)
Notes payable	7,822	(22,775)
Trade payables	74,738	(82,556)
Trade payables from related parties	273,669	(83,239)
Other payables	24,931	(11,731)
Other payables from related parties	25,409	(495)
Other current liabilities	28,203	(25,839)
Net defined benefit liabilities	(2,040)	(2,185)
Cash generated from operations	356,587	1,203,762
Interest received	4,904	5,221
Interest paid	(26,925)	(21,083)
Income tax paid	(128,598)	(191,172)
Net cash generated from operating activities	<u>205,968</u>	<u>996,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

KWONG LUNG ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of investments accounted for using the equity method	(309,482)	(234,513)
Net cash inflow on disposal of associates	210,811	-
Acquisition of property, plant and equipment	(203,442)	(169,044)
Acquisition of intangible assets	(945)	(225)
Acquisition of investment properties	(94,983)	-
Increase in other non-current assets	(7,559)	(44,904)
Dividends received	4,500	7,500
Dividends received from associates	<u>59,774</u>	<u>977</u>
Net cash used in investing activities	<u>(341,326)</u>	<u>(440,209)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	570,000	-
Repayments of short-term borrowings	-	(39,000)
Proceeds from long-term borrowings	457,000	785,000
Repayments of long-term borrowings	(300,000)	(700,000)
Proceeds from guarantee deposits received	190	817
Decrease in other payables - related parties	-	(80,000)
Repayment of the principal portion of lease liabilities	(30,332)	(25,176)
Cash dividends paid	(541,575)	(569,323)
Proceeds from share options exercised	<u>22,156</u>	<u>12,364</u>
Net cash generated from (used in) financing activities	<u>177,439</u>	<u>(615,318)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,081	(58,799)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>203,944</u>	<u>262,743</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 246,025</u>	<u>\$ 203,944</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD.

2024 Profit Distribution Table

(Unit: NT\$)

Item	Amount	Remarks
Unappropriated retained earnings of prior years	588,604,500	
Add: Unappropriated amount of Class A special shares	707,994	
Adjusted Unappropriated earnings	589,312,494	
Adjustments on equity method investments	27,059,572	
Actuarial gains and losses recognized as retained earnings	3,793,270	
Net Profit after Tax	609,288,220	
Add: Undistributed earnings in the current year	640,141,062	
Less: 10% Legal Reserve	(64,014,106)	Note 6
Add: Reversal of Special Reserve	94,004,836	
Distributable Net Profit	1,259,444,286	
Distributable items:		
Dividends on Preferred Shares A	(744,801)	(NT\$2.7075 per share)
Cash Dividends on Common Shares	(544,056,995)	(NT\$3.6 per share)
Unappropriated Retained Earnings	714,642,490	

Note 1. As of January 31, 2025, the number of preferred shares issued by the Company which is eligible to receive cash distribution is 275,088 shares, at subscription price of NT\$50. The annual dividend rate for preferred shares is 5.415%, resulting in a total dividend distribution of NT\$744,801. The actual payment amount is calculated based on the number of Preferred A shares outstanding on the ex-dividend base date.

Note 2. As of January 31, 2025, the number of common shares issued by the Company which is eligible to receive cash distribution is 151,126,943 shares.

Note 3. The cash dividends of Preferred Share and Common Share allocated to individual shareholders are distributed up to the decimal point (decimals are not taken into account), and fractional amounts less than NT\$1 will be totaled and listed in other incomes of the Company.

Note 4. Distributed after approval by the board of directors in accordance with the Articles of Incorporation, and authorizes the chairman to set the record date and the payment date for distribution.

Note 5. If the number of outstanding shares is affected by the repurchase of the company's shares, the transfer or cancellation of treasury shares, the conversion of convertible corporate bonds, the exercise of employee stock options or the conversion of preferred shares into common shares, and the dividend rate to shareholders changes as a result, the chairman of the board is authorized to handle and adjust it with full authority.

Note 6. According to the Ministry of Economic Affairs letter No. 10802432410

Attachment 7

KWONG LUNG ENTERPRISE CO., LTD.
Comparison table of revisions to the "Articles of Incorporation"

After the Revision	Before the Revision	Notes
<p>Article 19 If the Company has profits in a fiscal year, the Company shall set aside not less than 1% of the profits as employee bonuses, <u>of which no less than 50% shall be reserved for the remuneration of grassroots employees</u> and not more than 5% of the profits as director compensation. However, that the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> <p>Employee's, director's compensation and the employee's compensation in the form of stocks or cash shall be resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.</p> <p>Qualification requirements of employees for distributing employees to compensation, issuing restricted stock for employees, issuing employee stock option certificates, issuing new shares, and the shares bought back by the issuing company transferred to its employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive compensation .</p>	<p>Article 19 If the Company has profits in a fiscal year, the Company shall set aside not less than 1% of the profits as employee bonuses and not more than 5% of the profits as director compensation. However, that the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> <p>Employee's, director's compensation and the employee's compensation in the form of stocks or cash shall be resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.</p> <p>Qualification requirements of employees for distributing employees to compensation, issuing restricted stock for employees, issuing employee stock option certificates, issuing new shares, and the shares bought back by the issuing company transferred to its employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive compensation .</p>	<p>Pursuant to the Financial Supervisory Commission Order No. 1130385442, listed and OTC companies shall stipulate in their articles of association that a certain percentage of annual profits should be set aside to adjust the salaries or distribute remuneration to grassroots employees.</p>
<p>Article 22 The Articles of Incorporation was set on February 17, 1966. (omitted) The 43rd amendment was made on May 31, 2022. <u>The 44th amendment was made on May 27, 2025.</u></p>	<p>Article 22 The Articles of Incorporation was set on February 17, 1966. (omitted) The 43rd amendment was made on May 31, 2022.</p>	<p>Add the revision dates</p>

KWONG LUNG ENTERPRISE CO., LTD.

Articles of Incorporation

Chapter 1. General Provisions

- Article 1 The Company is duly incorporated under the provisions set forth in the Company Law, and its name shall be 光隆實業股份有限公司 in the Chinese language, and Kwong Lung Enterprise Company Limited in the English language.
- Article 2 The Company operates the following Businesses :
1. All Kinds of Feathers and Feather Garment Processing Refining Business
 2. All kinds of Feathers and Feather Processing of Refined Leather Accessories Business
 3. Sales of All kinds of Feather Pattern Bedding Sewing Products Processing
 4. CJ01010 Hat Manufacturing
 5. C306010 Wearing Apparel
 6. F401030 Manufacture Export
 7. F104040 Wholesale of Luggage and Bag
 8. F104060 Wholesale of Bedding
 9. F204040 Retail Sale of Luggage and Bag
 10. F204060 Retail Sale of Bedding
 11. ZZ99999 the Company may, other than those businesses subject to special permission (franchise), engage in all businesses except those banned or restricted by the laws.
- Article 2-1 The Company may provide guarantee to other companies to meet in business needs.
- Article 2-2 The total amount of the Company's investments in other companies may exceed forty percent of the Company's paid-up capital.
- Article 3 The head office of the Company shall be in Taipei, when deemed necessary, the Company may set branch offices within or outside the Republic of China by resolutions of the Board of Directors.
- Article 4 (Deleted)

Chapter 2. Shares

- Article 5 The total authorized capital of the Company shall be NT\$1.8 billion, divided into 180 million shares with a par value of NT\$10 each. The Board is authorized to issue common shares and preferred shares by installments
- A total of 20,000,000 shares among the above total capital stock should be reserved for issuing employee stock option certificates, preferred shares with warrants or corporate bond with warrant, and the Board is authorized to issue such shares by installments subject to practical need.
- Article 6 The rights and other important issuance terms of the Company's preferred shares are as follows:
1. The Company shall pay the taxes first, and recover prior years' losses, then contribute to legal reserve, or to special reserve by the Articles of Incorporation when there are positive earnings. The remaining, if any, may be distributed first to preferred shares as the current year's dividend.
 2. The preferred shares yield is capped at 8% on the issue price each year. Annual dividend could be paid by cash once a year. The Board will arrange the date to distribute the payable preferred share dividends for the previous year. In the year of issuance and redemption, the actual number of payable dividends shall be calculated based on the days that the preferred shares remained outstanding in that year.
 3. The Company has sole discretion on the distribution of preferred share dividends. If there is no earning or insufficient earning for distributing dividends of preferred shares after audited, the Company may decide not to distribute dividends to preferred shares. Preferred shareholders shall not have objection. If the preferred shares are issued as non-cumulative type, the undistributed or insufficient payment in dividends distribution shall not be cumulated to the years afterwards.
 4. Except for the dividend prescribed in subparagraph 2 of this Article 6, the non-participating preferred shares holders, are not entitled to participate in the distribution of cash or stock dividends with regard of the common shares derived from earnings or capital surplus.
 5. When the Company issues new shares for capital raising, preferred shareholders shall be entitled equivalent preemptive rights on common shareholders.
 6. The distribution priority of preferred shareholders on right of claim the residual property of the Company is higher than the right of common shareholders. All kinds of preferred shareholders have the same priority to claim the compensation which is lower than the priority of general creditors. However, the distribution shall not exceed the amount of outstanding preferred shares which is calculated by the issuance price.
 7. The preferred shareholders have no rights to vote for motions and for election of directors but are capable to be elected as directors. Preferred shareholders have mandatory rights to vote for the motions that are about preferred shareholders rights and obligations or vote in Preferred Shareholders' meetings and in Shareholders' meetings.
 8. The convertible preferred shares issued by the Company are forbidden to converted within 1 year

after the date of issuance. The Board is authorized to arrange the convertible period in the actual issuance terms. Holders of convertible preferred shares may, pursuant to the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Dividend distribution at the year of conversion shall be calculated based on the ratio between the actual issuance days and total days of the conversion year, provided, however, that when the shares are converted prior to the ex-dividend date of any given year, the shareholder may not participate in the preferred share dividend distribution of that year and the dividend distribution of the year after, but such shareholder may participate in the distribution of profit and capital surplus to holders of common shares.

9. Preferred shares have no maturity, holders of preferred shares have no right to request redemption of their shares by the Company. But the Company may pursuant to the relevant issuance terms, redeem the shares by issuance price at any time after the next day after five years in cash or compulsorily convert such shares into newly issued shares, or redeem all or partial such shares in other manners permissible by law. Unredeemed preferred shares shall continue to enjoy the rights and obligations of issuance terms prescribed in this Article. In the year of redeeming preferred shares, the dividends payable should be distributed in accordance with the actual issuance days of that year until the redemption date if the shareholders' meeting of the Company decides to distribute dividends.
10. The Board is authorized to deal with the TPEX-listed matters of the preferred shares and converted common shares based on the situations of the company and the market.

The Board is authorized to determine the name, the issuance date, terms and other related matters of the preferred shares in accordance with market conditions and investors' expectation, according to the Articles of Incorporation and applicable laws and regulations.

Article 7 The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by the director representing the company. The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations. The Company may not print share certificates. Registers of share certificates shall contact the share certificates' depository and clearing organizations.

Article 8 Registration for transfer of shares shall be suspended sixty days before the date of regular meeting of shareholders, and thirty days before the date of any special meeting of shareholders, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3. Shareholders' Meetings

Article 9 Shareholders' meetings are of two types as regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws and regulations. The Preferred Shareholders' meeting may be convened in accordance with applicable laws and regulations if necessary. Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 10 A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf.

Article 11 Unless otherwise specified in laws and regulations, each share of stock shall be entitled to one vote.

Article 12 Except as provided in the Company Act, resolution of shareholders' meeting shall be adopted by more than one half of the total attended shareholders at a meeting with the concurrence of more than one half of the votes held by shareholders presenting at the meeting. Shareholders may also vote via an electronic voting system, and those who do so shall be regarded as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Chapter 4. Directors

Article 13 The Company shall have seven to thirteen directors whose term of office are all three years. The directors are eligible for re-election. The Company may, for directors during the term of office within the scope of business, take out liability insurance in terms of the responsibility they should bear according to the law. Total shares owned by all directors shall not be less than the percentage promulgated by the competent authority.

Article 13-1 Directors prescribed in Article 13 hereof, the number of independent directors wherein shall not be less than 3 and not less than one fifth of directors.

A candidate's nomination system is adopted for directors (including independent directors) elected by the Shareholders' meeting from among the candidates. Relevant qualification requirements, shareholding, concurrent serving restrictions, means of nomination and election and other matters to be complied shall be handled in accordance with the provisions of the securities regulatory authority.

The Company's Board of Directors may install other functional committees, and the organizational rules shall be defined by the Board of Directors.

The Company duly establishes the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Law which shall be duly organized by independent directors in full.

The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Law, Securities and Exchange Act and other relevant laws and

- regulations.
- Article 14 The Board of Directors shall be organized by Directors, and shall elect a chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. And may also elect in the same manner a vice chairman of the board. The chairman shall represent the company. In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.
The notices to a board of directors meeting may be served in writing, by FAX or e-mail.
- Article 15 The meeting of the Board of Directors shall be presided over by the Chairman. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his authority for any reasons, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall select a person among themselves to act for the Chairman of the Board of Directors. All matters not otherwise provided for herein shall be subject to the related provisions of Article 208 of the Company Act. The case that a Director appoints another director to attend a meeting of the Board of Directors on his/her behalf shall be handled in accordance with provisions of Article 205 of the Company Act.
- Article 16 In the case that the Directors of the Company perform duties, regardless of the Company's operating profit or loss, the Company shall authorize the Board of Directors to pay remuneration according to their degree of participation in the Company's operations and the value of their contribution, and which shall not exceed the salary standard of the highest rank based on the Company's Regulations for Compensation.
- Chapter 5. Managerial Officers
- Article 17 The Company may create a certain number of management positions by the resolution of the Board of Directors, the procedures of appointment and discharge and the package of compensation will be conducted in accordance with Article 29 of the Company Act.
- Chapter 6. Accounting
- Article 18 At the close of the Company's each fiscal year, the Board of Directors shall prepare the following reports: (1) the Business Report (2) the Financial Statements (3) Proposals of Surplus Earning Distribution for appropriation of profit or covering of Loss, etc., and shall submit to the regular meeting of shareholders for an admission.
- Article 19 If the Company has profits in a fiscal year, the Company shall set aside not less than 1% of the profits as employee bonuses and not more than 5% of the profits as director compensation. However, that the Company shall have reserved a sufficient amount to offset its accumulated losses.
Employee's, director's compensation and the employee's compensation in the form of stocks or cash shall be resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.
Qualification requirements of employees for distributing employees to compensation, issuing restricted stock for employees, issuing employee stock option certificates, issuing new shares, and the shares bought back by the issuing company transferred to its employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive compensation.
- Article 20 The Company shall, after the year-end closing and its losses have been covered and all taxes and dues have been paid pursuant to laws and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. The remainder shall be appropriated or reversed as a special reserve pursuant to laws and regulations. The residual earnings, if any, may be distributed first to preferred shares holders as current year's dividend; in case of any surplus, together with the accumulated unappropriated surplus shall be proposed by the board of directors to the shareholders' meeting and allocated by its resolution.
Pursuant to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in accordance with Article 241 of the Company Act in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for approval.
In consideration of operating plans, budgets and capital requirements of future years, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 50% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 30% of total distributed dividends.
In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.
- Chapter 7. Endnote
- Article 21 All matters not otherwise provided for herein shall be subject to the related provisions of the Company Act.

Article 22 The Articles of Incorporation was set on February 17, 1966.
The 1st amendment was made on July 7, 1967.
The 2nd amendment was made on October 1, 1969.
The 3rd amendment was made on October 12, 1973.
The 4th amendment was made on December 20, 1973.
The 5th amendment was made on November 1, 1979.
The 6th amendment was made on October 21, 1981.
The 7th amendment was made on October 30, 1982.
The 8th amendment was made on April 14, 1983.
The 9th amendment was made on May 12, 1983.
The 10th amendment was made on June 2, 1983.
The 11th amendment was made on June 20, 1983.
The 12th amendment was made on December 2, 1983.
The 13th amendment was made on September 20, 1984.
The 14th amendment was made on June 11, 1985.
The 15th amendment was made on November 10, 1991.
The 16th amendment was made on July 25, 1995.
The 17th amendment was made on August 14, 1995.
The 18th amendment was made on January 10, 1996.
The 19th amendment was made on May 8, 1996.
The 20th amendment was made on June 20, 1996.
The 21st amendment was made on June 15, 1997.
The 22nd amendment was made on June 6, 1998.
The 23rd amendment was made on June 16, 1999.
The 24th amendment was made on April 15, 2000.
The 25th amendment was made on May 17, 2001.
The 26th amendment was made on May 17, 2002.
The 27th amendment was made on June 27, 2003.
The 28th amendment was made on June 11, 2004.
The 29th amendment was made on June 24, 2005.
The 30th amendment was made on June 23, 2006.
The 31st amendment was made on June 15, 2007.
The 32nd amendment was made on May 30, 2008.
The 33rd amendment was made on June 19, 2009.
The 34th amendment was made on June 11, 2010.
The 35th amendment was made on June 28, 2012.
The 36th amendment was made on June 20, 2013.
The 37th amendment was made on June 17, 2014.
The 38th amendment was made on June 9, 2015.
The 39th amendment was made on June 21, 2016.
The 40th amendment was made on June 22, 2018.
The 41st amendment was made on May 30, 2019.
The 42nd amendment was made on July 30, 2021.
The 43rd amendment was made on May 31, 2022.

KWONG LUNG ENTERPRISE CO.,LTD.

Rules of Procedures for Shareholders' meetings

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 the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or Articles of Incorporation, shall be as provided in these Rules.

Article 2 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 as well as being distributed on-site at the meeting place.

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 and Exchange Act, or 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.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, 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 3 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 5 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 2 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.

Any matters not provided in the rules shall be subject to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 4 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5 The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall hand in a sign-in card in lieu of signing in.

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.

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.

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 6 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the vice chairman shall act in place of the Chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the 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. 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 7 Proceedings of the shareholders' meeting shall be recorded in audio and video, and the recording materials shall be retained for at least 1 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 8 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 sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 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 Chairman 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. The implementation of the tentative resolution shall be governed by the relevant provisions of the Company Law.

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

Article 9 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. 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 Chairman 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 Chairman 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 Chairman 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 Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

Article 10 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 Chairman.

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 Chairman, 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 Chairman 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 Chairman and the shareholder that has the floor; the Chairman 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 Chairman may respond in person or direct relevant personnel to respond.

Article 11 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 3 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 12 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 shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. 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; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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 2 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 2 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 Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the Chairman 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 Chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 13 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.

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 1 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 14 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 Chairman 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 Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 15 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, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 16 The Chairman may direct the proctors or security personnel to help maintain order at the meeting place. 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 Chairman may prevent the shareholder from so doing.

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

Article 17 When a meeting is in progress, the Chairman may announce a break based on time considerations. If a force majeure event occurs, the Chairman 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 5 days in accordance with Article 182 of the Company Act.

Article 18 These Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings.

These Rules was set on June 20, 2013.

The 1st amendment was made on June 22, 2018

The 2nd amendment was made on May 31, 2022

KWONG LUNG ENTERPRISE CO., LTD.

Rules for Election of Directors

- Article 1 Election of directors of the Company shall be handled under the Rules hereof.
- Article 2 Election of directors adopts voter registration and cumulative voting system. The number of certificate of attendance or shareholder reference number printed in the ballot paper can substitute for the voter registration. The number of votes exercisable in respect of one share shall be the same as the number of candidates to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
- Article 3 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. If two (or more) candidate's poll the same number of the voting rights and exceed the number of the elected prescribed, such candidates shall draw lots to decide the elected. The Chairman shall draw lots on behalf of those who are absent.
Election of directors of the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
- Article 4 All of the shareholders' listed in the shareholders' roster shall have voting rights.
- Article 5 Ballots shall be issued by the Board of Directors and numbered in accordance with shareholder reference numbers, and shall indicate the number of each shareholder's voting rights.
- Article 6 Starting the election, the Chairman shall appoint several ballot examiners and tellers for implementing related tasks.
- Article 7 A ballot shall be null and void in the event of one of the following circumstances :
- (1) Failed to use the ballot paper prescribed in the Article 5 hereof.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered.
 - (4) The candidate whose name is entered in the ballot does not conform to the director candidate list.
 - (5) Other words or marks are entered in addition to the number of voting rights allotted.
- Article 8 All ballots shall be counted on the spot under the supervision of ballot examiners in public after the vote is completed as well as the results shall be announced.
- Article 9 The elected directors shall be respectively issued a notice of the elected by the Board of Directors and shall sign a " Consent to Act as Director".
- Article 10 All matters not otherwise provided for herein shall be subject to the provisions of the Company Act and relevant decrees.
- Article 11 The Rules hereunder shall be implemented after approval of shareholders' meeting, and the same shall apply to the amendment.
- Article 12 The Rules hereunder was set on May 17, 2002.
The first amendment was completed on June 9, 2015.
The second amendment was completed on May 31, 2022.

Appendix 4

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate : The Company did not allot stock dividend this year, it does not apply.

Appendix 5

Shareholding of Directors

Base Day : March 29, 2025

Position	Name	Shareholdings in the shareholders roster within the share transfer prohibition period
Chairman	Chan Ho-Po	1,298,000
Vice Chairman	Ou Li Investment Co., Ltd. Representative : Lee Chao-Fu	12,700,000
Director	Whalen's Company Representative : Chang Chen-Yun	10,000
Director	Yueh Sheng Investment Co., Ltd Representative : Chan Fu-Ju	4,013,000
Independent Director	Tsai Hsun-Hsiung	424,577
Independent Director	Chen Hsien-Yeh	0
Independent Director	Hsu Chia-Te	90,000
Independent Director	Ko Tsui-Ting	0
Total for Directors'		18,535,577

Note 1: The minimum required combined shareholding of all directors by law: 9,085,125shares;
As of March 29, 2025, the total shareholding of all directors was 18,021,000 shares. (not including the shareholding of Independent Directors)

Note 2: The Company has established an Audit Committee; the requirements for shareholding by supervisors are not applicable.